

AMENDED IN SENATE APRIL 25, 2013

SENATE BILL

No. 69

**Introduced by ~~Committee on Budget and Fiscal Review~~ Senator
Liu
(Principal coauthors: Senators Block, De León, Lara, Leno, Padilla,
and Steinberg)
(Coauthors: Senators Hancock, Hill, and Monning)**

January 10, 2013

An act relating to the ~~Budget Act of 2013~~ to amend Section 47634.1 of, to amend the heading of Article 4 (commencing with Section 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of, to amend and repeal Sections 14002.5, 42238, 42238.1, 42238.2, 42238.3, 42238.4, 42238.41, 42238.42, 42238.43, 42238.44, 42238.445, 42238.45, 42238.46, 42238.48, 42238.485, 42238.49, 42238.5, 42238.51, 42238.52, 42238.53, 42238.6, 42238.7, 42238.75, 42238.8, 42238.9, 42238.95, 42238.11, 42238.12, 42238.13, 42238.14, 42238.145, 42238.146, 42238.17, 42238.18, 42239, 42240.1, 42241.3, 42241.7, 42243.7, 47630.5, and 47633 of, to amend, repeal, and add Sections 1622, 14002, 14002.1, 14003, 14501, 33127, 41020, 41202, 42127, 46201.2, 47604.33, 47610, 47631, and 47632 of, to add Sections 2558.7, 2569, 42238.01, 42238.02, 42238.03, 42238.04, 42238.05, 42238.051, 42238.052, 42238.053, and 42238.06 to, to add Article 3 (commencing with Section 2574) to Chapter 12 of Part 2 of Division 1 of Title 1, to add Article 5 (commencing with Section 52060) to Chapter 6.1 of Part 28 of Division 4 of Title 2 of, and to repeal Article 3 (commencing with Section 2550) of Chapter 12 of Part 2 of Division 1 of Title 1 of, and to repeal Article 3.5 (commencing with Section 2560) of Chapter 12 of Part 2 of Division 1 of Title 1 of, the Education Code, relating to school finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 69, as amended, ~~Committee on Budget and Fiscal Review Liu. Budget Act of 2013.~~ *School finance: new pupil funding formula.*

(1) Existing law establishes the public school system in this state, and, among other things, provides for the establishment of county superintendents of schools, school districts, and charter schools throughout the state and for their provision of instruction at the public elementary and secondary schools these local educational agencies maintain. Existing law establishes a public school financing system that requires funding for county superintendents of schools and school districts to be calculated pursuant to a revenue limit, as specified, and requires funding for charter schools to be calculated pursuant to a general-purpose entitlement, except as provided, and requires the revenue limit and general-purpose entitlement to be composed of, among other things, state aid and certain local revenues.

This bill, commencing in the 2014–15 fiscal year, would revise and recast the provisions related to the public school financing system by requiring state funding for county superintendents of schools, school districts, and charter schools that previously received a general-purpose entitlement, to be calculated pursuant to a local control funding formula, as specified.

(2) Existing law requires a county board of education, a governing board of a school district, and a governing body of a charter school to annually adopt a budget, as specified.

This bill would require a county board of education, a governing board of a school district, and a governing body of a charter school that receives its funding directly, as specified, to annually adopt or revise a local control and accountability plan that aligns with the annual budget and contains certain elements and that, among other things, was developed in consultation with teachers, principals, administrators, other school personnel, parents, and pupils. By requiring county boards of education and school districts to annually adopt or revise a local control and accountability plan, the bill would impose a state-mandated local program.

(3) This bill would make conforming changes, correct cross-references, and make other nonsubstantive changes.

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state.

Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2013.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The local control funding formula proposal, as specified in
- 4 AB 88 of the 2013–14 Regular Session, as amended April 3, 2013,
- 5 attempts to increase local flexibility, make funding more equitable
- 6 and transparent, and devote greater resources to children who
- 7 come to school with greater challenges.
- 8 (b) The Legislature supports the underlying goal expressed in
- 9 the local control funding formula proposal of providing additional
- 10 resources to support improved educational outcomes for
- 11 disadvantaged pupils. However, the Legislature has concerns
- 12 related to a number of its provisions, in particular the inadequate
- 13 level of funding proposed for statewide pupil base grants.
- 14 Additional concerns include, but are not limited to, proposed
- 15 concentration grants, incomplete accountability provisions,
- 16 inadequate data collection, lack of structure for high school grade
- 17 span funding, perpetuation of historically inequitable funding
- 18 allocations, and the timing for implementation of a new formula.
- 19 (c) The local control funding formula proposal encompasses
- 20 scores of repeals of sections, articles, and chapters of the
- 21 Education Code, many of which could have unintended
- 22 consequences. Such repeals require more careful consideration
- 23 than the compressed annual Budget Act implementation timelines
- 24 allow.
- 25 (d) It is the intent of the Legislature to consider a new funding
- 26 formula through a funding process that affords greater opportunity
- 27 for analysis, amendment, and public input on a far reaching

1 *proposal that will have lasting impacts on California schools and*
2 *the pupils they serve.*

3 *SEC. 2. Section 1622 of the Education Code is amended to*
4 *read:*

5 1622. (a) On or before July 1 of each fiscal year, the county
6 board of education shall adopt an annual budget for the budget
7 year and shall file that budget with the Superintendent of Public
8 Instruction, the county board of supervisors, and the county auditor.
9 The budget, and supporting data, shall be maintained and made
10 available for public review. The budget shall indicate the date,
11 time, and location at which the county board of education held the
12 public hearing required under Section 1620.

13 (b) The Superintendent of Public Instruction shall examine the
14 budget to determine whether it (1) complies with the standards
15 and criteria adopted by the State Board of Education pursuant to
16 Section 33127 for application to final local educational agency
17 budgets, (2) allows the county office of education to meet its
18 financial obligations during the fiscal year, and (3) is consistent
19 with a financial plan that will enable the county office of education
20 to satisfy its multiyear financial commitments. In addition, the
21 Superintendent shall identify any technical corrections to the budget
22 that must be made. On or before August 15, the Superintendent of
23 Public Instruction shall approve or disapprove the budget and, in
24 the event of a disapproval, transmit to the county office of
25 education in writing his or her recommendations regarding revision
26 of the budget and the reasons for those recommendations. For the
27 2011–12 fiscal year, notwithstanding any of the standards and
28 criteria adopted by the state board pursuant to Section 33127, the
29 Superintendent, as a condition on approval of a county office of
30 education budget, shall not require a county office of education to
31 project a lower level of revenue per unit of average daily attendance
32 than it received in the 2010–11 fiscal year nor require the county
33 superintendent to certify in writing whether or not the county office
34 of education is able to meet its financial obligations for the two
35 subsequent fiscal years.

36 (c) On or before September 8, the county board of education
37 shall revise the county office of education budget to reflect changes
38 in projected income or expenditures subsequent to July 1, and to
39 include any response to the recommendations of the Superintendent
40 of Public Instruction, shall adopt the revised budget, and shall file

1 the revised budget with the Superintendent of Public Instruction,
2 the county board of supervisors, and the county auditor. Prior to
3 revising the budget, the county board of education shall hold a
4 public hearing regarding the proposed revisions, which shall be
5 made available for public inspection not less than three working
6 days prior to the hearing. The agenda for that hearing shall be
7 posted at least 72 hours prior to the public hearing and shall include
8 the location where the budget will be available for public
9 inspection. The revised budget, and supporting data, shall be
10 maintained and made available for public review.

11 (d) The Superintendent of Public Instruction shall examine the
12 revised budget to determine whether it complies with the standards
13 and criteria adopted by the State Board of Education pursuant to
14 Section 33127 for application to final local educational agency
15 budgets and, no later than October 8, shall approve or disapprove
16 the revised budget. If the Superintendent of Public Instruction
17 disapproves the budget, he or she shall call for the formation of a
18 budget review committee pursuant to Section 1623. For the
19 2011–12 fiscal year, notwithstanding any of the standards and
20 criteria adopted by the state board pursuant to Section 33127, the
21 Superintendent, as a condition on approval of a county office of
22 education budget, shall not require a county office of education to
23 project a lower level of revenue per unit of average daily attendance
24 than it received in the 2010–11 fiscal year nor require the county
25 superintendent to certify in writing whether or not the county office
26 of education is able to meet its financial obligations for the two
27 subsequent fiscal years.

28 (e) Notwithstanding any other provision of this section, the
29 budget review for a county office of education shall be governed
30 by paragraphs (1), (2), and (3) of this subdivision, rather than by
31 subdivisions (c) and (d), if the county board of education so elects,
32 and notifies the Superintendent of Public Instruction in writing of
33 that decision, no later than October 31 of the immediately
34 preceding calendar year.

35 (1) In the event of the disapproval of the budget of a county
36 office of education pursuant to subdivision (b), on or before
37 September 8, the county superintendent of schools and the county
38 board of education shall review the recommendations of the
39 Superintendent of Public Instruction at a regularly scheduled
40 meeting of the county board of education and respond to those

1 recommendations. That response shall include the proposed actions
2 to be taken, if any, as a result of those recommendations.

3 (2) No later than October 8, after receiving the response required
4 under paragraph (1), the Superintendent of Public Instruction shall
5 review that response and either approve or disapprove the budget
6 of the county office of education. If the Superintendent of Public
7 Instruction disapproves the budget, he or she shall call for the
8 formation of a budget review committee pursuant to Section 1623.

9 (3) Not later than 45 days after the Governor signs the annual
10 Budget Act, the county office of education shall make available
11 for public review any revisions in revenues and expenditures that
12 it has made to its budget to reflect the funding made available by
13 that Budget Act.

14 *(f) This section shall become inoperative on July 1, 2014, and,*
15 *as of January 1, 2015, is repealed, unless a later enacted statute,*
16 *that becomes operative on or before January 1, 2015, deletes or*
17 *extends the dates on which it becomes inoperative and is repealed.*

18 SEC. 3. Section 1622 is added to the Education Code, to read:

19 1622. (a) On or before July 1 of each fiscal year, the county
20 board of education shall adopt an annual budget for the budget
21 year and, for the 2015–16 fiscal year and each fiscal year
22 thereafter, take action on a local control and accountability plan
23 pursuant to Sections 52062 and 52064 and shall file the budget
24 and local control and accountability plan with the Superintendent,
25 the county board of supervisors, and the county auditor. The
26 budget, the local control and accountability plan, and supporting
27 data, shall be maintained and made available for public review.
28 The budget shall indicate the date, time, and location at which the
29 county board of education held the public hearing required under
30 Section 1620. For the 2015–16 fiscal year and each fiscal year
31 thereafter, the county board of education shall not adopt a budget
32 before the county board of education adopts a local control and
33 accountability plan or approves an update to an existing local
34 control and accountability plan. The county board of education
35 shall not adopt a budget that does not align with the local control
36 and accountability plan that applies to the subsequent fiscal year.

37 (b) (1) The Superintendent shall examine the budget to
38 determine if it (A) complies with the standards and criteria adopted
39 by the state board pursuant to Section 33127 for application to
40 final local educational agency budgets, (B) allows the county office

1 of education to meet its financial obligations during the fiscal year,
2 and (C) is consistent with a financial plan that will enable the
3 county office of education to satisfy its multiyear financial
4 commitments. In addition, the Superintendent shall identify any
5 technical corrections to the budget that must be made. On or before
6 August 15, the Superintendent shall approve or disapprove the
7 budget and, in the event of a disapproval, transmit to the county
8 office of education in writing his or her recommendations
9 regarding revision of the budget and the reasons for those
10 recommendations.

11 (2) For the 2011–12 fiscal year, notwithstanding any of the
12 standards and criteria adopted by the state board pursuant to
13 Section 33127, the Superintendent, as a condition on approval of
14 a county office of education budget, shall not require a county
15 office of education to project a lower level of revenue per unit of
16 average daily attendance than it received in the 2010–11 fiscal
17 year nor require the county superintendent to certify in writing
18 whether or not the county office of education is able to meet its
19 financial obligations for the two subsequent fiscal years.

20 (3) For the 2015–16 fiscal year and each fiscal year thereafter,
21 the Superintendent shall disapprove a budget if any of the following
22 occur:

23 (A) The county board of education does not file a local control
24 and accountability plan with the Superintendent pursuant to
25 Sections 52062 and 52064.

26 (B) If the Superintendent determines that a local control and
27 accountability plan filed does not adhere to the template adopted
28 by the state board pursuant to Section 52066.

29 (C) If the Superintendent determines that a local control and
30 accountability plan filed does not include all of the components
31 identified in subdivision (a) of Section 52064.

32 (D) If the Superintendent determines that the expenditures
33 included in the budget do not reflect the costs necessary to
34 implement the local control and accountability plan.

35 (c) On or before September 8 of each fiscal year, the county
36 board of education shall revise the county office of education
37 budget to reflect changes in projected income or expenditures
38 subsequent to July 1, and to include any response to the
39 recommendations of the Superintendent, shall adopt the revised
40 budget, and shall file the revised budget with the Superintendent,

1 *the county board of supervisors, and the county auditor. Before*
2 *revising the budget, the county board of education shall hold a*
3 *public hearing regarding the proposed revisions, which shall be*
4 *made available for public inspection not less than three working*
5 *days before the hearing. The agenda for that hearing shall be*
6 *posted at least 72 hours before the public hearing and shall include*
7 *the location where the budget will be available for public*
8 *inspection. The revised budget, and supporting data, shall be*
9 *maintained and made available for public review.*

10 *(d) The Superintendent shall examine the revised budget to*
11 *determine whether it complies with the standards and criteria*
12 *adopted by the state board pursuant to Section 33127 for*
13 *application to final local educational agency budgets and, no later*
14 *than October 8 of each fiscal year, shall approve or disapprove*
15 *the revised budget. For the 2015–16 fiscal year and each fiscal*
16 *year thereafter, the Superintendent shall disapprove a revised*
17 *budget if the Superintendent determines that the expenditures*
18 *included in the budget do not reflect the costs necessary to*
19 *implement the local control and accountability plan adopted by a*
20 *county board of education pursuant to Sections 52062 and 52064.*
21 *If the Superintendent disapproves the budget, he or she shall call*
22 *for the formation of a budget review committee pursuant to Section*
23 *1623. For the 2011–12 fiscal year, notwithstanding any of the*
24 *standards and criteria adopted by the state board pursuant to*
25 *Section 33127, the Superintendent, as a condition on approval of*
26 *a county office of education budget, shall not require a county*
27 *office of education to project a lower level of revenue per unit of*
28 *average daily attendance than it received in the 2010–11 fiscal*
29 *year nor require the county superintendent to certify in writing*
30 *whether or not the county office of education is able to meet its*
31 *financial obligations for the two subsequent fiscal years.*

32 *(e) Notwithstanding any other provision of this section, the*
33 *budget review for a county office of education shall be governed*
34 *by paragraphs (1), (2), and (3) of this subdivision, rather than by*
35 *subdivisions (c) and (d), if the county board of education so elects,*
36 *and notifies the Superintendent in writing of that decision, no later*
37 *than October 31 of the immediately preceding calendar year.*

38 *(1) In the event of the disapproval of the budget of a county*
39 *office of education pursuant to subdivision (b), on or before*
40 *September 8, the county superintendent of schools and the county*

1 board of education shall review the recommendations of the
2 Superintendent at a regularly scheduled meeting of the county
3 board of education and respond to those recommendations. That
4 response shall include the proposed actions to be taken, if any, as
5 a result of those recommendations.

6 (2) No later than October 8, after receiving the response
7 required under paragraph (1), the Superintendent shall review
8 that response and either approve or disapprove the budget of the
9 county office of education. For the 2015–16 fiscal year and each
10 fiscal year thereafter, the Superintendent shall disapprove a budget
11 if a county board of education does not file a local control and
12 accountability plan with the Superintendent or if the Superintendent
13 determines that the expenditures included in the budget adopted
14 by the county board of education do not reflect the costs necessary
15 to implement the local control and accountability plan. If the
16 Superintendent disapproves the budget, he or she shall call for the
17 formation of a budget review committee pursuant to Section 1623.

18 (3) Not later than 45 days after the Governor signs the annual
19 Budget Act, the county office of education shall make available
20 for public review any revisions in revenues and expenditures that
21 it has made to its budget to reflect the funding made available by
22 that Budget Act.

23 (f) This section shall become operative on July 1, 2014.

24 SEC. 4. Section 2558.7 is added to the Education Code, to
25 read:

26 2558.7. This article shall become inoperative on July 1, 2014,
27 and, as of January 1, 2015, is repealed, unless a later enacted
28 statute, that becomes operative on or before January 1, 2015,
29 deletes or extends the dates on which it becomes inoperative and
30 is repealed.

31 SEC. 5. Section 2569 is added to the Education Code, to read:

32 2569. This article shall become inoperative on July 1, 2014,
33 and, as of January 1, 2015, is repealed, unless a later enacted
34 statute, that becomes operative on or before January 1, 2015,
35 deletes or extends the dates on which it becomes inoperative and
36 is repealed.

37 SEC. 6. The heading of Article 4 (commencing with Section
38 2570) of Chapter 12 of Part 2 of Division 1 of Title 1 of the
39 Education Code is amended and renumbered to read:

1 Article 4:2. Allocation of Property Tax Revenues

2
3 SEC. 7. Article 3 (commencing with Section 2574) is added to
4 Chapter 12 of Part 2 of Division 1 of Title 1 of the Education Code,
5 to read:

6
7 Article 3. County Local Control Funding Formula

8
9 2574. For the 2014–15 fiscal year and for each fiscal year
10 thereafter, the Superintendent annually shall calculate the County
11 Local Control Funding Formula for each county superintendent
12 of schools as follows:

13 (a) Compute a county office of education operations grant equal
14 to the sum of each of the following amounts:

- 15 (1) _____ dollars (\$_____).
- 16 (2) _____ dollars (\$_____) multiplied by the number of school
17 districts for which the county superintendent of schools has
18 jurisdiction pursuant to Section 1253.
- 19 (3) (A) _____ dollars (\$_____) multiplied by the number of units
20 of countywide average daily attendance, up to a maximum of
21 30,000 units. For purposes of this section, countywide average
22 daily attendance means the aggregate number of annual units of
23 average daily attendance within the county attributable to all
24 school districts for which the county superintendent of schools has
25 jurisdiction pursuant to Section 1253, charter schools within the
26 county, and the schools operated by the county superintendent of
27 schools.
- 28 (B) _____ dollars (\$_____) multiplied by the number of units of
29 countywide average daily attendance for the portion of countywide
30 average daily attendance, if any, above 30,000 units, up to a
31 maximum of 60,000 units.
- 32 (C) _____ dollars (\$_____) multiplied by the number of units of
33 countywide average daily attendance for the portion of countywide
34 average daily attendance, if any, above 60,000, up to a maximum
35 of 140,000 units.
- 36 (D) _____ dollars (\$_____) multiplied by the number of units of
37 countywide average daily attendance for the portion of countywide
38 average daily attendance, if any, above 140,000 units.
- 39 (4) For the 2015–16 fiscal year and each fiscal year thereafter,
40 adjust each of the amounts provided in the prior year pursuant to

1 paragraphs (1), (2), and (3) by the percentage change in the annual
2 average value of the Implicit Price Deflator for State and Local
3 Government Purchases of Goods and Services for the United
4 States, as published by the United States Department of Commerce
5 for the 12-month period ending in the third quarter of the prior
6 fiscal year. This percentage change shall be determined using the
7 latest data available as of May 10 of the preceding fiscal year
8 compared with the annual average value of the same deflator for
9 the 12-month period ending in the third quarter of the second
10 preceding fiscal year, using the latest data available as of May 10
11 of the preceding fiscal year, as reported by the Department of
12 Finance.

13 (b) Divide the enrollment of unduplicated pupils in all schools
14 operated by a county superintendent of schools by the total
15 enrollment in those schools.

16 (1) For purposes of this section, an “unduplicated pupil” is a
17 pupil who is classified as an English learner pursuant to Section
18 52164, as that section read on January 1, 2014; eligible to receive
19 a free or reduced-price meal pursuant to Section 49552, as that
20 section read on January 1, 2014; or a foster child pursuant to
21 Sections 300 and 601 of the Welfare and Institutions Code. A pupil
22 shall be counted only once for purposes of this section if any of
23 the following apply:

24 (A) The pupil is classified as an English learner and is eligible
25 for a free or reduced-price meal.

26 (B) The pupil is classified as an English learner and is a foster
27 child.

28 (C) The pupil is classified as a foster child and is eligible for a
29 free or reduced-price meal.

30 (D) The pupil is classified as an English learner, is eligible for
31 a free or reduced-price meal, and is a foster child.

32 (2) For purposes of this section, a pupil shall not be classified
33 as an English learner for a total of more than five school years by
34 any school district, charter school, or county office of education.

35 (3) For purposes of this subdivision, a pupil enrolled in a
36 juvenile court school operated by a county superintendent of
37 schools shall not be included in any enrollment counts.

38 (4) Commencing with the 2014–15 fiscal year, a county
39 superintendent of schools annually shall report the enrollment of
40 unduplicated pupils, pupils classified as English learners, pupils

1 eligible for free and reduced-price meals, and foster children in
2 schools operated by the county superintendent of schools to the
3 Superintendent using the California Longitudinal Pupil
4 Achievement Data System. The Superintendent shall make the
5 calculations pursuant to this section using the California
6 Longitudinal Pupil Achievement Data System.

7 (c) Compute an alternative education grant equal to the sum of
8 the following:

9 (1) For the 2014–15 fiscal year, a base grant of ____ dollars
10 (\$____). For the 2015–16 fiscal year and each fiscal year
11 thereafter, adjust the base grant provided in the prior year by the
12 percentage change in the annual average value of the Implicit
13 Price Deflator for State and Local Government Purchases of Goods
14 and Services for the United States, as published by the United
15 States Department of Commerce for the 12-month period ending
16 in the third quarter of the prior fiscal year. This percentage change
17 shall be determined using the latest data available as of May 10
18 of the preceding fiscal year compared with the annual average
19 value of the same deflator for the 12-month period ending in the
20 third quarter of the second preceding fiscal year, using the latest
21 data available as of May 10 of the preceding fiscal year, as
22 reported by the Department of Finance.

23 (2) A supplemental grant equal to 35 percent of the base grant
24 defined in paragraph (1) multiplied by the percentage calculated
25 in subdivision (b).

26 (3) (A) Multiply the sum of paragraphs (1) and (2) by the total
27 number of units of average daily attendance for pupils attending
28 schools operated by a county office of education, excluding units
29 of average daily attendance for pupils attending a juvenile court
30 school, who are any of the following:

31 (i) Probation-referred pursuant to Sections 300, 601, 602, and
32 654 of the Welfare and Institutions Code.

33 (ii) On probation or parole and not in attendance in a school.

34 (iii) Expelled for any of the reasons specified in subdivision (a)
35 or (c) of Section 48915.

36 (B) Multiply the number of units of average daily attendance
37 for pupils attending a juvenile court school by the sum of the base
38 grant calculated in paragraph (1) and a supplemental grant equal
39 to 35 percent of the base grant pursuant to paragraph (1).

40 (C) Add the amounts calculated in subparagraphs (A) and (B).

1 (d) Add the amount calculated in subdivision (a) to the amount
2 calculated in subparagraph (C) of paragraph (3) of subdivision
3 (c).

4 (e) Add all of the following to the amount calculated in
5 subdivision (d):

6 (1) The amount of funding a county superintendent of schools
7 received for the 2013–14 fiscal year from funds allocated pursuant
8 to the Targeted Instructional Improvement Block Grant program,
9 as set forth in Article 6 (commencing with Section 41540) of
10 Chapter 3.2 of Part 24 of Division 3 of Title 2, as that article read
11 on January 1, 2014.

12 (2) The amount of funding a county superintendent of schools
13 received for the 2013–14 fiscal year from funds allocated pursuant
14 to the Home to School Transportation program, as set forth in
15 Article 2 (commencing with Section 39820) of Chapter 1 of Part
16 23.5 of Division 3 of Title 2, and Article 10 (commencing with
17 Section 41850) of Chapter 5 of Part 24 of Division 3 of Title 2, as
18 those articles read on January 1, 2014.

19 2575. Commencing with the 2014–15 budget year and for each
20 fiscal year thereafter, the Superintendent shall distribute the
21 appropriations in Section 14002 to each county superintendent of
22 schools according to the following formula:

23 (a) Calculate a prior year amount of funding for each county
24 superintendent of schools equal to the sum of all of the following:

25 (1) Entitlements for revenue limits in the 2013–14 fiscal year
26 pursuant to Article 3 (commencing with Section 2550) of Chapter
27 12, as that article read on January 1, 2014, adjusted only for
28 changes in average daily attendance claimed by the county
29 superintendent of schools for pupils identified in clauses (i), (ii)
30 and (iii) of subparagraph (A) of paragraph (3) of subdivision (c)
31 of Section 2574 and of pupils attending juvenile court schools. All
32 other average daily attendance claimed by the county
33 superintendent of schools and any other average daily attendance
34 used for purposes of calculating revenue limits pursuant to Article
35 3 (commencing with Section 2550) of Chapter 12, as that article
36 read on January 1, 2014, shall be considered final for purposes
37 of this section as of the annual apportionment for the 2013–14
38 fiscal year, as calculated for purposes of the certification required
39 on or before February 20, 2015, pursuant to Section 41332.

1 (2) *The amount of funding received from appropriations*
2 *contained in Section 2.00 of the Budget Act of 2013, as adjusted*
3 *by Section 12.42, in the following items: 6110-104-0001,*
4 *6110-105-0001, 6110-107-0001, 6110-108-0001, 6110-111-0001,*
5 *6110-119-0001, 6110-122-0001, 6110-124-0001, 6110-128-0001,*
6 *6110-137-0001, 6110-144-0001, 6110-156-0001, 6110-158-0001,*
7 *6110-166-0001, 6110-167-0001, 6110-181-0001, 6110-188-0001,*
8 *6110-189-0001, 6110-190-0001, 6110-193-0001, 6110-195-0001,*
9 *6110-198-0001, 6110-204-0001, 6110-208-0001, 6110-209-0001,*
10 *6110-211-0001, 6110-212-0001, 6110-227-0001, 6110-228-0001,*
11 *6110-232-0001, 6110-234-0001, 6110-240-0001, 6110-242-0001,*
12 *6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001,*
13 *6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001,*
14 *6110-266-0001, 6110-267-0001, 6110-268-0001, and*
15 *6360-101-0001, and 2013–14 fiscal year funding for the Class*
16 *Size Reduction Program pursuant to Chapter 6.10 (commencing*
17 *with Section 52120) of Part 28 of Division 4 of Title 2, as it read*
18 *on January 1, 2014.*

19 (3) *For the 2015–16 fiscal year and for each fiscal year*
20 *thereafter, the amounts calculated pursuant to paragraph (3) of*
21 *subdivision (b) in all prior years.*

22 (b) *Calculate an adjustment to the amount in subdivision (a) as*
23 *follows:*

24 (1) *Subtract the amount in subdivision (a) from the amount*
25 *computed in subdivision (e) of Section 2574. A difference of less*
26 *than zero shall be deemed to be zero.*

27 (2) *Divide the difference for the county superintendent of schools*
28 *calculated in paragraph (1) by the total of the differences for all*
29 *county superintendents of schools calculated pursuant to*
30 *paragraph (1).*

31 (3) (A) *Multiply the proportion calculated in paragraph (2) by*
32 *the amount of funding appropriated for purposes of this section.*
33 *The amount calculated shall not exceed the difference for the*
34 *county superintendent of schools calculated in paragraph (1).*

35 (B) *Add the amount calculated in subparagraph (A) to the*
36 *allocation to the county superintendent of schools as calculated*
37 *pursuant to subdivision (a).*

38 (c) *Subtract from the amount calculated in subparagraph (B)*
39 *of paragraph (3) of subdivision (b) the sum of each of the*
40 *following:*

- 1 (1) *Local property tax revenues received pursuant to Section*
2 *2573 in the then current fiscal year.*
- 3 (2) *Any amounts that the county superintendent of schools was*
4 *required to maintain as restricted and not available for expenditure*
5 *in the 1978–79 fiscal year as specified in the second paragraph*
6 *of subdivision (c) of Section 6 of Chapter 292 of the Statutes of*
7 *1978, as amended by Chapter 51 of the Statutes of 1979.*
- 8 (3) *The amount received pursuant to subparagraph (C) of*
9 *paragraph (3) of subdivision (a) of Section 33607.5 of the Health*
10 *and Safety Code that is considered property taxes pursuant to that*
11 *section.*
- 12 (4) *The amount, if any, received pursuant to Sections 34177,*
13 *34179.5, 34179.6, and 34188 of the Health and Safety Code.*
- 14 (5) (A) *The amount, if any, received pursuant to subparagraph*
15 *(B) of paragraph (3) of subdivision (e) of Section 36 of Article XIII*
16 *of the California Constitution.*
- 17 (B) *The amount in subparagraph (A) shall only offset the amount*
18 *included in paragraph (1) of subdivision (a).*
- 19 (d) (1) *The Superintendent shall apportion to the county*
20 *superintendent of schools either of the following:*
- 21 (A) *If the calculation in paragraph (1) of subdivision (b) is*
22 *positive, the amount calculated in subdivision (c).*
- 23 (B) (i) *If the calculation in paragraph (1) of subdivision (b) is*
24 *equal to zero or is negative, the sum of the amounts in paragraphs*
25 *(1) and (2) of subdivision (a), less the sum of the amounts included*
26 *in paragraphs (1) to (5), inclusive, of subdivision (c).*
- 27 (ii) *For the first fiscal year in which the amount calculated in*
28 *subdivision (e) of Section 2574 is greater than the sum of the*
29 *amounts in paragraphs (1) and (2) of subdivision (a) and for each*
30 *fiscal year thereafter, the Superintendent shall apportion to the*
31 *county superintendent of schools the amount calculated in*
32 *subdivision (e) of Section 2574, less the sum of the amounts*
33 *included in paragraphs (1) to (5), inclusive, of subdivision (c).*
- 34 (2) *If the amount determined pursuant to paragraph (1) is*
35 *negative, state aid shall not be apportioned to the county*
36 *superintendent of schools pursuant to paragraph (1). An amount*
37 *of funds of that county superintendent of schools equal to that*
38 *negative amount shall be deemed restricted and not available for*
39 *expenditure during the fiscal year in which subdivision (d) applies.*
40 *In the following fiscal year, that amount shall be considered local*

1 *property tax revenue for purposes of paragraph (1) of subdivision*
2 *(c).*

3 *(3) Commencing with the 2014–15 fiscal year, the*
4 *Superintendent shall apportion to the county superintendent of*
5 *schools an amount of state aid of no less than the amount*
6 *calculated in paragraph (2) of subdivision (a), including any*
7 *amount apportioned pursuant to paragraph (1).*

8 *(e) (1) Funds apportioned pursuant to this section shall be*
9 *available for any locally determined educational purpose.*

10 *(2) Funds apportioned for purposes of a supplemental grant*
11 *pursuant to paragraph (2) and subparagraph (B) of paragraph*
12 *(3) of subdivision (c) of Section 2754, shall be available for any*
13 *locally determined educational purpose that benefits the pupils*
14 *that generated those funds pursuant to a local control and*
15 *accountability plan adopted by the county board of education.*

16 *(3) Commencing with the 2014–15 fiscal year, unless otherwise*
17 *required by federal law, any requirements associated with the*
18 *items listed in paragraph (2) of subdivision (a) shall not apply.*

19 *2576. (a) If a county superintendent of schools enrolls in a*
20 *school operated by the county superintendent of schools a pupil*
21 *not funded pursuant to clause (i), (ii), or (iii) of subparagraph (A)*
22 *of paragraph (3) of subdivision (c) of Section 2574, any attendance*
23 *generated by that pupil shall be credited to the school district of*
24 *residence. That school district shall pay to the county*
25 *superintendent of schools the entire entitlement generated for each*
26 *unit of average daily attendance by that pupil.*

27 *(b) For purposes of this section, the school district of residence*
28 *for a homeless child, as defined in Section 1981.2, shall be deemed*
29 *to be the school district that last provided educational services to*
30 *that child or, if it is not possible to determine that school district,*
31 *the largest school district in the county.*

32 *2577. Notwithstanding any other law, revenue limit funding*
33 *for county superintendents of schools for the 2013–14 fiscal year*
34 *and prior fiscal years shall continue to be adjusted pursuant to*
35 *Article 3 (commencing with Section 2550), as that section read on*
36 *January 1, 2014.*

37 *2578. Commencing on July 1, 2014, all of the following shall*
38 *apply:*

39 *(a) All references to Section 2558 shall instead refer to Section*
40 *2575.*

1 (b) Unless context requires otherwise, all references to the
2 revenue limit of a county office of education or county
3 superintendent of schools shall instead refer to the county local
4 control funding formula.

5 2579. This article shall become operative on July 1, 2014.

6 SEC. 8. Section 14002 of the Education Code is amended to
7 read:

8 14002. (a) The Controller shall during each fiscal year
9 commencing with the 1980–81 fiscal year, transfer from the
10 General Fund of the state to that portion of the State School Fund
11 restricted for elementary and high school purposes, hereinafter
12 called Section A of the State School Fund such sums, in addition
13 to the sums accruing from other sources, as shall provide in Section
14 A of the State School Fund for apportionment during the fiscal
15 year a total amount per pupil in average daily attendance during
16 the preceding fiscal year credited to all elementary, high, and
17 unified school districts and to all county superintendents of schools
18 in the state, as certified by the Superintendent of Public Instruction,
19 of one hundred eighty dollars (\$180).

20 (b) The Controller shall also transfer, as needed during each
21 fiscal year commencing with the 1980–81 fiscal year, such
22 additional amounts from the General Fund to Section A of the
23 State School Fund as are certified from time to time by the
24 Superintendent of Public Instruction to be necessary to meet actual
25 computed apportionments from Section A of the State School Fund
26 for the purposes set forth in Section 41301; provided that the total
27 of such additional amounts transferred in a fiscal year shall not
28 exceed, except pursuant to subdivision (c) of this section, one
29 thousand two hundred sixty-eight dollars (\$1,268) for the 1980–81
30 fiscal year and fiscal years thereafter, per pupil in average daily
31 attendance during the preceding fiscal year credited to all
32 elementary, high, and unified school districts and to all county
33 superintendents of schools in the state, as certified by the
34 Superintendent of Public Instruction.

35 (c) In addition to the amounts authorized to be transferred to
36 Section A of the State School Fund under subdivisions (a) and (b),
37 the Controller shall transfer from the General Fund to Section A
38 of the State School Fund during the fiscal year, upon certification
39 of the Superintendent of Public Instruction, if necessary to meet
40 actual computed apportionments for the fiscal year for the purposes

1 set forth in Sections 41300 and 41301, an amount not to exceed
2 the lesser of: (1) 1 percent of the total apportionment from Section
3 A of the State School Fund in the preceding fiscal year for the
4 purposes set forth in Sections 41300 and 41301, or (2) the net
5 amount, if any, by which the total amounts authorized to be
6 transferred from the General Fund to Section A of the State School
7 Fund under subdivisions (a) and (b) in prior fiscal years have
8 exceeded the total amounts actually apportioned in prior fiscal
9 years for the purposes set forth in Sections 41300 and 41301.

10 (d) The Controller shall also transfer to Section A of the State
11 School Fund any additional amounts appropriated thereto by the
12 Legislature in augmentation of any of the amounts for any of the
13 purposes set forth in Sections 41300 and 41301 and such additional
14 amounts shall be allowed and apportioned by the Superintendent
15 of Public Instruction and warrants therefor drawn by the Controller
16 in the manner provided in Sections 41050, 46304, and 84503 and
17 in this article, Article 2 (commencing with Section 14040), Article
18 3 (commencing with Section 41330) of Chapter 3, and Article 1
19 (commencing with Section 41600) of Chapter 4 of Part 24.

20 (e) The amounts transferred under subdivisions (a) and (b) of
21 this section shall be cumulatively increased by the following
22 amounts:

23 (1) In the 1981–82 fiscal year, by 7 percent.

24 (2) In the 1982–83 fiscal year and each fiscal year thereafter,
25 by 6 percent.

26 (f) This section shall become operative on July 1, 2002.

27 (g) *This section shall become inoperative on July 1, 2014, and,
28 as of January 1, 2015, is repealed, unless a later enacted statute,
29 that becomes operative on or before January 1, 2015, deletes or
30 extends the dates on which it becomes inoperative and is repealed.*

31 *SEC. 9. Section 14002 is added to the Education Code, to read:*

32 *14002. (a) Notwithstanding any other law, upon certification
33 of the Superintendent, the Controller shall transfer from the
34 General Fund to Section A of the State School Fund during each
35 fiscal year the amount of moneys required to meet the actual
36 computed apportionments for the fiscal year for the purposes set
37 forth in Sections 2575, 42238.02, and 42238.03.*

38 *(b) The Controller shall also transfer to Section A of the State
39 School Fund any additional amounts appropriated thereto by the
40 Legislature in augmentation of any of the amounts for any of the*

1 purposes set forth in Sections 2575, 42238.02, and 42238.03 and
2 such additional amounts shall be allowed and apportioned by the
3 Superintendent and warrants therefor drawn by the Controller in
4 the manner provided in Sections 41050 and 46304, and in this
5 article, Article 2 (commencing with Section 14040), Article 3
6 (commencing with Section 41330) of Chapter 3 of Part 24 of
7 Division 3 of Title 2, and Article 1 (commencing with Section
8 41600) of Chapter 4 of Part 24 of Division 3 of Title 2.

9 (c) This section shall become operative on July 1, 2014.

10 SEC. 10. Section 14002.1 of the Education Code is amended
11 to read:

12 14002.1. (a) Notwithstanding any other law, for purposes of
13 determining (a) the amounts to be certified pursuant to Sections
14 14002 and 14004, (b) allocations made pursuant to Section 41301,
15 (c) the apportionments required to be made pursuant to Sections
16 41330, 41332, and 41335, (d) revenue limits for school districts
17 pursuant to Section 42238, as adjusted pursuant to Sections
18 42238.14, 42238.145, and 42238.146, and (e) revenue limits for
19 county offices of education pursuant to Section 2558, as adjusted
20 pursuant to Sections 2558.4, 2558.45, and 2558.46, the
21 Superintendent of Public Instruction shall use the property tax
22 estimates received from county auditors pursuant to Section 75.70
23 of the Revenue and Taxation Code.

24 (b) This section shall become inoperative on July 1, 2014, and,
25 as of January 1, 2015, is repealed, unless a later enacted statute,
26 that becomes operative on or before January 1, 2015, deletes or
27 extends the dates on which it becomes inoperative and is repealed.

28 SEC. 11. Section 14002.1 is added to the Education Code, to
29 read:

30 14002.1. (a) Notwithstanding any other law, for purposes of
31 determining the amounts to be certified pursuant to subdivision
32 (a) of Section 14002, the Superintendent shall use the property tax
33 estimates received from county auditors pursuant to Section 75.70
34 of the Revenue and Taxation Code.

35 (b) This section shall become operative on July 1, 2014.

36 SEC. 12. Section 14002.5 of the Education Code is amended
37 to read:

38 14002.5. (a) In making the computation prescribed by
39 subdivision (b) of Section 14002, the Controller shall cumulatively
40 increase the seventy-nine cents (\$0.79) amount prescribed by that

1 subdivision by 6 percent annually, and shall cumulatively increase
2 the twenty-one dollar and fifty cents (\$21.50) amount prescribed
3 by that subdivision by 6 percent annually.

4 *(b) This section shall become inoperative on July 1, 2014, and,*
5 *as of January 1, 2015, is repealed, unless a later enacted statute,*
6 *that becomes operative on or before January 1, 2015, deletes or*
7 *extends the dates on which it becomes inoperative and is repealed.*

8 *SEC. 13. Section 14003 of the Education Code is amended to*
9 *read:*

10 14003. (a) Commencing with the 2010–11 fiscal year, on
11 March 28 of each fiscal year in which the percentage growth in
12 per capita General Fund revenues exceeds the percentage growth
13 in California per capita personal income, the Controller shall
14 transfer from the General Fund to Sections A and B of the State
15 School Fund, as set forth in subdivision (c), the amount determined
16 pursuant to paragraph (1) minus the amount determined pursuant
17 to paragraph (2).

18 (1) The product of General Fund revenues from proceeds of
19 taxes and one-half of the difference between the percentage growth
20 in per capita General Fund revenues from proceeds of taxes and
21 in California per capita personal income.

22 (2) The amount of the maintenance factor certified pursuant to
23 Section 41207.2 that is allocated in the current year pursuant to
24 subdivision (e) of Section 8 of Article XVI of the California
25 Constitution.

26 (b) The amount transferred pursuant to subdivision (a) shall be
27 in addition to amounts required to be allocated pursuant to
28 subdivision (b) of Section 8 of Article XVI of the California
29 Constitution.

30 (c) (1) Of the amount determined pursuant to subdivision (a),
31 the Controller shall transfer 92 percent to Section A of the State
32 School Fund. The Superintendent shall allocate the funds
33 transferred pursuant to this paragraph in the following priority
34 order:

35 (A) An amount not to exceed two hundred million dollars
36 (\$200,000,000) for the purposes of revenue limit equalization in
37 a manner consistent with Section 42238.49 for the first fiscal year
38 in which funds are transferred pursuant to this paragraph.

1 (B) Such amounts as necessary to reduce the revenue limit
2 deficit factors set forth in Sections 2558.46 and 42238.146 until
3 the deficit factors are reduced to zero.

4 (C) Any remaining amounts transferred pursuant to this
5 paragraph shall be allocated as an equal increase per unit of average
6 daily attendance in general purpose apportionments for purposes
7 of Sections 2558, 42238, and 47633.

8 (2) Of the amount determined pursuant to subdivision (a), the
9 Controller shall transfer 8 percent to Section B of the State School
10 Fund. The Chancellor of the Community Colleges shall allocate
11 the funds transferred pursuant to this paragraph in equal amounts
12 for the following purposes:

13 (A) For purposes of career and technical education pursuant to
14 Chapter 352 of the Statutes of 2005.

15 (B) As a proportionate increase in general purpose
16 apportionments for community college districts.

17 (d) For purposes of determining the amount required pursuant
18 to paragraph (2) or (3), as applicable, of subdivision (b) of Section
19 8 of Article XVI of the California Constitution for the following
20 fiscal year, all amounts transferred in the prior fiscal year pursuant
21 to this section shall be deemed allocations to school districts and
22 community college districts from General Fund proceeds of taxes
23 appropriated pursuant to Article XIII B for that prior fiscal year.

24 (e) The sum of the amounts transferred pursuant to this section
25 plus the sum of the amounts of the maintenance factor certified
26 pursuant to Section 41207.2 that is allocated pursuant to
27 subdivision (e) of Section 8 of Article XVI of the California
28 Constitution shall not exceed the total amount of eleven billion
29 two hundred twelve million nine hundred nine thousand dollars
30 (\$11,212,909,000) less any maintenance factor amount that is
31 allocated for the 2009–10 fiscal year.

32 (f) *This section shall become inoperative on July 1, 2014, and,*
33 *as of January 1, 2015, is repealed, unless a later enacted statute,*
34 *that becomes operative on or before January 1, 2015, deletes or*
35 *extends the dates on which it becomes inoperative and is repealed.*

36 *SEC. 14. Section 14003 is added to the Education Code, to*
37 *read:*

38 *14003. (a) Commencing with the 2010–11 fiscal year, on*
39 *March 28 of each fiscal year in which the percentage growth in*
40 *per capita General Fund revenues exceeds the percentage growth*

1 *in California per capita personal income, the Controller shall*
2 *transfer from the General Fund to Sections A and B of the State*
3 *School Fund, as set forth in subdivision (c), the amount determined*
4 *pursuant to paragraph (1) minus the amount determined pursuant*
5 *to paragraph (2).*

6 *(1) The product of General Fund revenues from proceeds of*
7 *taxes and one-half of the difference between the percentage growth*
8 *in per capita General Fund revenues from proceeds of taxes and*
9 *in California per capita personal income.*

10 *(2) The amount of the maintenance factor certified pursuant to*
11 *Section 41207.2 that is allocated in the current year pursuant to*
12 *subdivision (e) of Section 8 of Article XVI of the California*
13 *Constitution.*

14 *(b) The amount transferred pursuant to subdivision (a) shall be*
15 *in addition to amounts required to be allocated pursuant to*
16 *subdivision (b) of Section 8 of Article XVI of the California*
17 *Constitution.*

18 *(c) (1) Of the amount determined pursuant to subdivision (a),*
19 *the Controller shall transfer 92 percent to Section A of the State*
20 *School Fund. The Superintendent shall allocate the funds*
21 *transferred pursuant to this paragraph in the following priority*
22 *order:*

23 *(A) Such amounts as necessary to implement the local control*
24 *funding formula pursuant to Section 42238.02, as implemented by*
25 *Section 42238.03, and the county local control funding formula,*
26 *pursuant to Section 2575.*

27 *(B) Any remaining amounts transferred pursuant to this*
28 *paragraph shall be allocated pursuant to Sections 2575 and*
29 *42238.02, as implemented by Section 42238.03.*

30 *(2) Of the amount determined pursuant to subdivision (a), the*
31 *Controller shall transfer 8 percent to Section B of the State School*
32 *Fund. The Chancellor of the Community Colleges shall allocate*
33 *the funds transferred pursuant to this paragraph in equal amounts*
34 *for the following purposes:*

35 *(A) For purposes of career and technical education pursuant*
36 *to Chapter 352 of the Statutes of 2005.*

37 *(B) As a proportionate increase in general purpose*
38 *apportionments for community college districts.*

39 *(d) For purposes of determining the amount required pursuant*
40 *to paragraph (2) or (3), as applicable, of subdivision (b) of Section*

1 8 of Article XVI of the California Constitution for the following
2 fiscal year, all amounts transferred in the prior fiscal year pursuant
3 to this section shall be deemed allocations to school districts and
4 community college districts from General Fund proceeds of taxes
5 appropriated pursuant to Article XIII B for that prior fiscal year.

6 (e) The sum of the amounts transferred pursuant to this section
7 plus the sum of the amounts of the maintenance factor certified
8 pursuant to Section 41207.2 that is allocated pursuant to
9 subdivision (e) of Section 8 of Article XVI of the California
10 Constitution shall not exceed the total amount of eleven billion
11 two hundred twelve million nine hundred nine thousand dollars
12 (\$11,212,909,000) less any maintenance factor amount that is
13 allocated for the 2009–10 fiscal year.

14 (f) This section shall become operative on July 1, 2014.

15 SEC. 15. Section 14501 of the Education Code is amended to
16 read:

17 14501. (a) As used in this chapter, “financial and compliance
18 audit” shall be consistent with the definition provided in the
19 “Standards for Audits of Governmental Organizations, Programs,
20 Activities, and Functions” promulgated by the Comptroller General
21 of the United States. Financial and compliance audits conducted
22 under this chapter shall fulfill federal single audit requirements.

23 (b) As used in this chapter, “compliance audit” means an audit
24 that ascertains and verifies whether or not funds provided through
25 apportionment, contract, or grant, either federal or state, have been
26 properly disbursed and expended as required by law or regulation
27 or both and includes the verification of each of the following:

28 (1) The reporting requirements for the sufficiency of textbooks
29 or instructional materials, or both, as defined in Section 60119.

30 (2) Teacher misassignments pursuant to Section 44258.9.

31 (3) The accuracy of information reported on the School
32 Accountability Report Card required by Section 33126. The
33 requirements set forth in paragraphs (1) and (2) and this paragraph
34 shall be added to the audit guide requirements pursuant to
35 subdivision (b) of Section 14502.1.

36 (c) This section shall become inoperative on July 1, 2014, and,
37 as of January 1, 2015, is repealed, unless a later enacted statute,
38 that becomes operative on or before January 1, 2015, deletes or
39 extends the dates on which it becomes inoperative and is repealed.

1 SEC. 16. Section 14501 is added to the Education Code, to read:
2 14501. (a) As used in this chapter, “financial and compliance
3 audit” shall be consistent with the definition provided in the
4 “Standards for Audits of Governmental Organizations, Programs,
5 Activities, and Functions” promulgated by the Comptroller General
6 of the United States. Financial and compliance audits conducted
7 under this chapter shall fulfill federal single audit requirements.

8 (b) As used in this chapter, “compliance audit” means an audit
9 that ascertains and verifies whether or not funds provided through
10 apportionment, contract, or grant, either federal or state, have
11 been properly disbursed and expended as required by law or
12 regulation or both and includes the verification of each of the
13 following:

14 (1) Expenditure of these funds in accordance with the local
15 control and accountability plan adopted by the governing board
16 of the school district pursuant to Sections 52060 and 52064 or the
17 county board of education pursuant to Sections 52062 and 52064.

18 (2) The reporting requirements for the sufficiency of textbooks
19 or instructional materials, or both, as defined in Section 60119.

20 (3) Teacher misassignments pursuant to Section 44258.9.

21 (4) The accuracy of information reported on the School
22 Accountability Report Card required by Section 33126. The
23 requirements set forth in paragraphs (1) and (2) and this
24 paragraph shall be added to the audit guide requirements pursuant
25 to subdivision (b) of Section 14502.1.

26 (c) This section shall become operative on July 1, 2014.

27 SEC. 17. Section 33127 of the Education Code is amended to
28 read:

29 33127. (a) The Superintendent of Public Instruction, the
30 Controller, and the Director of the Department of Finance shall
31 develop, on or before March 1, 1989, standards and criteria to be
32 reviewed and adopted by the State Board of Education, and to be
33 used by local educational agencies in the development of annual
34 budgets and the management of subsequent expenditures from that
35 budget. During the development of the standards and criteria, the
36 Superintendent of Public Instruction shall convene a committee
37 composed of representatives from school districts, county offices
38 of education, state agencies, the Legislature, and appropriate labor
39 and professional organizations. The committee may review and
40 comment on the proposal standards and criteria prior to their

1 adoption. In addition, the standards and criteria shall be used to
2 monitor the fiscal stability of local educational agencies as provided
3 for in Sections 1240.1, 1240.2, 1621, 1623, 33131, 42127, and
4 42127.1.

5 (b) The Superintendent of Public Instruction, the Controller,
6 and the Director of the Department of Finance shall update the
7 standards and criteria developed pursuant to subdivision (a) on or
8 before September 1, 2005. The updated standards and criteria shall
9 be reviewed and adopted pursuant to the procedure established by
10 subdivision (a) and are applicable to local educational agency
11 budgets commencing with the 2006–07 fiscal year and each fiscal
12 year thereafter.

13 (c) After September 1, 2005, to the extent necessary, any
14 revisions or updates to the standards and criteria shall be developed
15 by the Superintendent of Public Instruction, the Controller, and
16 the Director of the Department of Finance pursuant the procedures
17 established by subdivision (a). The revisions or updates shall
18 specify the fiscal year in which the revisions or updates are
19 applicable.

20 (d) *This section shall become inoperative on July 1, 2014, and,*
21 *as of January 1, 2015, is repealed, unless a later enacted statute,*
22 *that becomes operative on or before January 1, 2015, deletes or*
23 *extends the dates on which it becomes inoperative and is repealed.*

24 SEC. 18. *Section 33127 is added to the Education Code, to*
25 *read:*

26 33127. (a) *The Superintendent, the Controller, and the*
27 *Director of the Department of Finance shall develop, on or before*
28 *March 1, 1989, standards and criteria to be reviewed and adopted*
29 *by the state board, and to be used by local educational agencies*
30 *in the development of annual budgets and the management of*
31 *subsequent expenditures from that budget. During the development*
32 *of the standards and criteria, the Superintendent shall convene a*
33 *committee composed of representatives from school districts,*
34 *county offices of education, state agencies, the Legislature, and*
35 *appropriate labor and professional organizations. The committee*
36 *may review and comment on the proposal standards and criteria*
37 *prior to their adoption. In addition, the standards and criteria*
38 *shall be used to monitor the fiscal stability of local educational*
39 *agencies as provided for in Sections 1240.1, 1240.2, 1621, 1623,*
40 *33131, 42127, and 42127.1.*

1 (b) *The Superintendent, the Controller, and the Director of the*
2 *Department of Finance shall update the standards and criteria*
3 *developed pursuant to subdivision (a) on or before September 1,*
4 *2005. The updated standards and criteria shall be reviewed and*
5 *adopted pursuant to the procedure established by subdivision (a)*
6 *and are applicable to local educational agency budgets*
7 *commencing with the 2006–07 fiscal year and each fiscal year*
8 *thereafter.*

9 (c) *The Superintendent, the Controller, and the Director of the*
10 *Department of Finance shall update the standards and criteria*
11 *developed pursuant to subdivision (a) on or before January 1,*
12 *2015. Standards and criteria related to the requirements of Article*
13 *3.8 (commencing with Section 52060) of Chapter 6.1 of Part 28*
14 *of Title 2 shall be included. The updated standards and criteria*
15 *shall be reviewed and adopted pursuant to the procedure*
16 *established by subdivision (a) and are applicable to local*
17 *educational agency budgets commencing with the 2015–16 fiscal*
18 *year and each fiscal year thereafter.*

19 (d) *After January 1, 2015, to the extent necessary, any revisions*
20 *or updates to the standards and criteria shall be developed by the*
21 *Superintendent, the Controller, and the Director of the Department*
22 *of Finance pursuant the procedures established by subdivision*
23 *(a). The revisions or updates shall specify the fiscal year in which*
24 *the revisions or updates are applicable.*

25 (e) *This section shall become operative on July 1, 2014.*

26 *SEC. 19. Section 41020 of the Education Code is amended to*
27 *read:*

28 41020. (a) *It is the intent of the Legislature to encourage sound*
29 *fiscal management practices among local educational agencies for*
30 *the most efficient and effective use of public funds for the*
31 *education of children in California by strengthening fiscal*
32 *accountability at the district, county, and state levels.*

33 (b) (1) *Not later than the first day of May of each fiscal year,*
34 *each county superintendent of schools shall provide for an audit*
35 *of all funds under his or her jurisdiction and control and the*
36 *governing board of each local educational agency shall either*
37 *provide for an audit of the books and accounts of the local*
38 *educational agency, including an audit of income and expenditures*
39 *by source of funds, or make arrangements with the county*

1 superintendent of schools having jurisdiction over the local
2 educational agency to provide for that auditing.

3 (2) A contract to perform the audit of a local educational agency
4 that has a disapproved budget or has received a negative
5 certification on any budget or interim financial report during the
6 current fiscal year or either of the two preceding fiscal years, or
7 for which the county superintendent of schools has otherwise
8 determined that a lack of going concern exists, is not valid unless
9 approved by the responsible county superintendent of schools and
10 the governing board.

11 (3) If the governing board of a local educational agency has not
12 provided for an audit of the books and accounts of the local
13 educational agency by April 1, the county superintendent of schools
14 having jurisdiction over the local educational agency shall provide
15 for the audit of each local educational agency.

16 (4) An audit conducted pursuant to this section shall comply
17 fully with the Government Auditing Standards issued by the
18 Comptroller General of the United States.

19 (5) For purposes of this section, “local educational agency” does
20 not include community colleges.

21 (c) Each audit conducted in accordance with this section shall
22 include all funds of the local educational agency, including the
23 student body and cafeteria funds and accounts and any other funds
24 under the control or jurisdiction of the local educational agency.
25 Each audit shall also include an audit of pupil attendance
26 procedures.

27 (d) All audit reports for each fiscal year shall be developed and
28 reported using a format established by the Controller after
29 consultation with the Superintendent and the Director of Finance.

30 (e) (1) The cost of the audits provided for by the county
31 superintendent of schools shall be paid from the county school
32 service fund and the county superintendent of schools shall transfer
33 the pro rata share of the cost chargeable to each district from district
34 funds.

35 (2) The cost of the audit provided for by a governing board shall
36 be paid from local educational agency funds. The audit of the funds
37 under the jurisdiction and control of the county superintendent of
38 schools shall be paid from the county school service fund.

39 (f) (1) The audits shall be made by a certified public accountant
40 or a public accountant, licensed by the California Board of

1 Accountancy, and selected by the local educational agency, as
2 applicable, from a directory of certified public accountants and
3 public accountants deemed by the Controller as qualified to conduct
4 audits of local educational agencies, which shall be published by
5 the Controller not later than December 31 of each year.

6 (2) Commencing with the 2003–04 fiscal year and except as
7 provided in subdivision (d) of Section 41320.1, it is unlawful for
8 a public accounting firm to provide audit services to a local
9 educational agency if the lead audit partner, or coordinating audit
10 partner, having primary responsibility for the audit, or the audit
11 partner responsible for reviewing the audit, has performed audit
12 services for that local educational agency in each of the six previous
13 fiscal years. The Education Audits Appeal Panel may waive this
14 requirement if the panel finds that no otherwise eligible auditor is
15 available to perform the audit.

16 (3) It is the intent of the Legislature that, notwithstanding
17 paragraph (2), the rotation within public accounting firms conform
18 to provisions of the federal Sarbanes-Oxley Act of 2002 (P.L.
19 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of the
20 report required by the act of the Comptroller General of the United
21 States addressing the mandatory rotation of registered public
22 accounting firms, the Legislature intends to reconsider the
23 provisions of paragraph (2). In determining which certified public
24 accountants and public accountants shall be included in the
25 directory, the Controller shall use the following criteria:

26 (A) The certified public accountants or public accountants shall
27 be in good standing as certified by the Board of Accountancy.

28 (B) The certified public accountants or public accountants, as
29 a result of a quality control review conducted by the Controller
30 pursuant to Section 14504.2, shall not have been found to have
31 conducted an audit in a manner constituting noncompliance with
32 subdivision (a) of Section 14503.

33 (g) (1) The auditor's report shall include each of the following:

34 (A) A statement that the audit was conducted pursuant to
35 standards and procedures developed in accordance with Chapter
36 3 (commencing with Section 14500) of Part 9 of Division 1 of
37 Title 1.

38 (B) A summary of audit exceptions and management
39 improvement recommendations.

1 (C) Each audit of a local educational agency shall include an
2 evaluation by the auditor on whether there is substantial doubt
3 about the ability of the local educational agency to continue as a
4 going concern for a reasonable period of time. This evaluation
5 shall be based on the Statement of Auditing Standards (SAS) No.
6 59, as issued by the AICPA regarding disclosure requirements
7 relating to the ability of the entity to continue as a going concern.

8 (2) To the extent possible, a description of correction or plan
9 of correction shall be incorporated in the audit report, describing
10 the specific actions that are planned to be taken, or that have been
11 taken, to correct the problem identified by the auditor. The
12 descriptions of specific actions to be taken or that have been taken
13 shall not solely consist of general comments such as “will
14 implement,” “accepted the recommendation,” or “will discuss at
15 a later date.”

16 (h) Not later than December 15, a report of each local
17 educational agency audit for the preceding fiscal year shall be filed
18 with the county superintendent of schools of the county in which
19 the local educational agency is located, the department, and the
20 Controller. The Superintendent shall make any adjustments
21 necessary in future apportionments of all state funds, to correct
22 any audit exceptions revealed by those audit reports.

23 (i) (1) Commencing with the 2002–03 audit of local educational
24 agencies pursuant to this section and subdivision (d) of Section
25 41320.1, each county superintendent of schools shall be responsible
26 for reviewing the audit exceptions contained in an audit of a local
27 educational agency under his or her jurisdiction related to
28 attendance, inventory of equipment, internal control, and any
29 miscellaneous items, and determining whether the exceptions have
30 been either corrected or an acceptable plan of correction has been
31 developed.

32 (2) Commencing with the 2004–05 audit of local educational
33 agencies pursuant to this section and subdivision (d) of Section
34 41320.1, each county superintendent of schools shall include in
35 the review of audit exceptions performed pursuant to this
36 subdivision those audit exceptions related to use of instructional
37 materials program funds, teacher misassignments pursuant to
38 Section 44258.9, information reported on the school accountability
39 report card required pursuant to Section 33126 and shall determine

1 whether the exceptions are either corrected or an acceptable plan
2 of correction has been developed.

3 (j) Upon submission of the final audit report to the governing
4 board of each local educational agency and subsequent receipt of
5 the audit by the county superintendent of schools having
6 jurisdiction over the local educational agency, the county office
7 of education shall do all of the following:

8 (1) Review audit exceptions related to attendance, inventory of
9 equipment, internal control, and other miscellaneous exceptions.
10 Attendance exceptions or issues shall include, but not be limited
11 to, those related to revenue limits, adult education, and independent
12 study.

13 (2) If a description of the correction or plan of correction has
14 not been provided as part of the audit required by this section, then
15 the county superintendent of schools shall notify the local
16 educational agency and request the governing board of the local
17 educational agency to provide to the county superintendent of
18 schools a description of the corrections or plan of correction by
19 March 15.

20 (3) Review the description of correction or plan of correction
21 and determine its adequacy. If the description of the correction or
22 plan of correction is not adequate, the county superintendent of
23 schools shall require the local educational agency to resubmit that
24 portion of its response that is inadequate.

25 (k) Each county superintendent of schools shall certify to the
26 Superintendent and the Controller, not later than May 15, that his
27 or her staff has reviewed all audits of local educational agencies
28 under his or her jurisdiction for the prior fiscal year, that all
29 exceptions that the county superintendent was required to review
30 were reviewed, and that all of those exceptions, except as otherwise
31 noted in the certification, have been corrected by the local
32 educational agency or that an acceptable plan of correction has
33 been submitted to the county superintendent of schools. In addition,
34 the county superintendent shall identify, by local educational
35 agency, any attendance-related audit exception or exceptions
36 involving state funds, and require the local educational agency to
37 which the audit exceptions were directed to submit appropriate
38 reporting forms for processing by the Superintendent.

39 (l) In the audit of a local educational agency for a subsequent
40 year, the auditor shall review the correction or plan or plans of

1 correction submitted by the local educational agency to determine
2 if the exceptions have been resolved. If not, the auditor shall
3 immediately notify the appropriate county office of education and
4 the department and restate the exception in the audit report. After
5 receiving that notification, the department shall either consult with
6 the local educational agency to resolve the exception or require
7 the county superintendent of schools to follow up with the local
8 educational agency.

9 (m) (1) The Superintendent shall be responsible for ensuring
10 that local educational agencies have either corrected or developed
11 plans of correction for any one or more of the following:

12 (A) All federal and state compliance audit exceptions identified
13 in the audit.

14 (B) Any exceptions that the county superintendent certifies as
15 of May 15 have not been corrected.

16 (C) Any repeat audit exceptions that are not assigned to a county
17 superintendent to correct.

18 (2) In addition, the Superintendent shall be responsible for
19 ensuring that county superintendents of schools and each county
20 board of education that serves as the governing board of a local
21 educational agency either correct all audit exceptions identified in
22 the audits of county superintendents of schools and of the local
23 educational agencies for which the county boards of education
24 serve as the governing boards or develop acceptable plans of
25 correction for those exceptions.

26 (3) The Superintendent shall report annually to the Controller
27 on his or her actions to ensure that school districts, county
28 superintendents of schools, and each county board of education
29 that serves as the governing board of a school district have either
30 corrected or developed plans of correction for any of the exceptions
31 noted pursuant to paragraph (1).

32 (n) To facilitate correction of the exceptions identified by the
33 audits issued pursuant to this section, commencing with 2002–03
34 audits pursuant to this section, the Controller shall require auditors
35 to categorize audit exceptions in each audit report in a manner that
36 will make it clear to both the county superintendent of schools and
37 the Superintendent which exceptions they are responsible for
38 ensuring the correction of by a local educational agency. In
39 addition, the Controller annually shall select a sampling of county
40 superintendents of schools and perform a followup of the audit

1 resolution process of those county superintendents of schools and
2 report the results of that followup to the Superintendent and the
3 county superintendents of schools that were reviewed.

4 (o) County superintendents of schools shall adjust subsequent
5 local property tax requirements to correct audit exceptions relating
6 to local educational agency tax rates and tax revenues.

7 (p) If a governing board or county superintendent of schools
8 fails or is unable to make satisfactory arrangements for the audit
9 pursuant to this section, the Controller shall make arrangements
10 for the audit and the cost of the audit shall be paid from local
11 educational agency funds or the county school service fund, as the
12 case may be.

13 (q) Audits of regional occupational centers and programs are
14 subject to the provisions of this section.

15 (r) This section does not authorize examination of, or reports
16 on, the curriculum used or provided for in any local educational
17 agency.

18 (s) Notwithstanding any other provision of law, a nonauditing,
19 management, or other consulting service to be provided to a local
20 educational agency by a certified public accounting firm while the
21 certified public accounting firm is performing an audit of the
22 agency pursuant to this section must be in accord with Government
23 Accounting Standards, Amendment No. 3, as published by the
24 United States General Accounting Office.

25 (t) *This section shall become inoperative on July 1, 2014, and,*
26 *as of January 1, 2015, is repealed, unless a later enacted statute,*
27 *that becomes operative on or before January 1, 2015, deletes or*
28 *extends the dates on which it becomes inoperative and is repealed.*

29 SEC. 20. *Section 41020 is added to the Education Code, to*
30 *read:*

31 *41020. (a) It is the intent of the Legislature to encourage sound*
32 *fiscal management practices among local educational agencies*
33 *for the most efficient and effective use of public funds for the*
34 *education of children in California by strengthening fiscal*
35 *accountability at the school district, county, and state levels.*

36 *(b) (1) Not later than the first day of May of each fiscal year,*
37 *each county superintendent of schools shall provide for an audit*
38 *of all funds under his or her jurisdiction and control and the*
39 *governing board of each local educational agency shall either*
40 *provide for an audit of the books and accounts of the local*

1 *educational agency, including an audit of income and expenditures*
2 *by source of funds, or make arrangements with the county*
3 *superintendent of schools having jurisdiction over the local*
4 *educational agency to provide for that auditing.*

5 *(2) A contract to perform the audit of a local educational agency*
6 *that has a disapproved budget or has received a negative*
7 *certification on any budget or interim financial report during the*
8 *current fiscal year or either of the two preceding fiscal years, or*
9 *for which the county superintendent of schools has otherwise*
10 *determined that a lack of going concern exists, is not valid unless*
11 *approved by the responsible county superintendent of schools and*
12 *the governing board.*

13 *(3) If the governing board of a local educational agency has*
14 *not provided for an audit of the books and accounts of the local*
15 *educational agency by April 1, the county superintendent of schools*
16 *having jurisdiction over the local educational agency shall provide*
17 *for the audit of each local educational agency.*

18 *(4) An audit conducted pursuant to this section shall comply*
19 *fully with the Government Auditing Standards issued by the*
20 *Comptroller General of the United States.*

21 *(5) For purposes of this section, “local educational agency”*
22 *does not include community colleges.*

23 *(c) Each audit conducted in accordance with this section shall*
24 *include all funds of the local educational agency, including the*
25 *student body and cafeteria funds and accounts and any other funds*
26 *under the control or jurisdiction of the local educational agency.*
27 *Each audit shall also include an audit of pupil attendance*
28 *procedures. Each audit shall include a determination of whether*
29 *funds were expended in accordance with a local control and*
30 *accountability plan pursuant to Article 3.8 (commencing with*
31 *Section 52060) of Chapter 6.1 of Part 28 of Division 3.*

32 *(d) All audit reports for each fiscal year shall be developed and*
33 *reported using a format established by the Controller after*
34 *consultation with the Superintendent and the Director of Finance.*

35 *(e) (1) The cost of the audits provided for by the county*
36 *superintendent of schools shall be paid from the county school*
37 *service fund and the county superintendent of schools shall transfer*
38 *the pro rata share of the cost chargeable to each school district*
39 *from school district funds.*

1 (2) *The cost of the audit provided for by a governing board shall*
2 *be paid from local educational agency funds. The audit of the funds*
3 *under the jurisdiction and control of the county superintendent of*
4 *schools shall be paid from the county school service fund.*

5 (f) (1) *The audits shall be made by a certified public accountant*
6 *or a public accountant, licensed by the California Board of*
7 *Accountancy, and selected by the local educational agency, as*
8 *applicable, from a directory of certified public accountants and*
9 *public accountants deemed by the Controller as qualified to*
10 *conduct audits of local educational agencies, which shall be*
11 *published by the Controller not later than December 31 of each*
12 *year.*

13 (2) *Commencing with the 2003–04 fiscal year and except as*
14 *provided in subdivision (d) of Section 41320.1, it is unlawful for*
15 *a public accounting firm to provide audit services to a local*
16 *educational agency if the lead audit partner, or coordinating audit*
17 *partner, having primary responsibility for the audit, or the audit*
18 *partner responsible for reviewing the audit, has performed audit*
19 *services for that local educational agency in each of the six*
20 *previous fiscal years. The Education Audits Appeal Panel may*
21 *waive this requirement if the panel finds that no otherwise eligible*
22 *auditor is available to perform the audit.*

23 (3) *It is the intent of the Legislature that, notwithstanding*
24 *paragraph (2), the rotation within public accounting firms conform*
25 *to provisions of the federal Sarbanes-Oxley Act of 2002 (Public*
26 *Law 107-204; 15 U.S.C. Sec. 7201 et seq.), and upon release of*
27 *the report required by the act of the Comptroller General of the*
28 *United States addressing the mandatory rotation of registered*
29 *public accounting firms, the Legislature intends to reconsider the*
30 *provisions of paragraph (2). In determining which certified public*
31 *accountants and public accountants shall be included in the*
32 *directory, the Controller shall use the following criteria:*

33 (A) *The certified public accountants or public accountants shall*
34 *be in good standing as certified by the Board of Accountancy.*

35 (B) *The certified public accountants or public accountants, as*
36 *a result of a quality control review conducted by the Controller*
37 *pursuant to Section 14504.2, shall not have been found to have*
38 *conducted an audit in a manner constituting noncompliance with*
39 *subdivision (a) of Section 14503.*

40 (g) (1) *The auditor's report shall include each of the following:*

1 (A) A statement that the audit was conducted pursuant to
2 standards and procedures developed in accordance with Chapter
3 3 (commencing with Section 14500) of Part 9 of Division 1 of Title
4 I.

5 (B) A summary of audit exceptions and management
6 improvement recommendations.

7 (C) Each audit of a local educational agency shall include an
8 evaluation by the auditor on whether there is substantial doubt
9 about the ability of the local educational agency to continue as a
10 going concern for a reasonable period of time. This evaluation
11 shall be based on the Statement on Auditing Standards (SAS) No.
12 59, as issued by the AICPA regarding disclosure requirements
13 relating to the ability of the entity to continue as a going concern.

14 (2) To the extent possible, a description of correction or plan
15 of correction shall be incorporated in the audit report, describing
16 the specific actions that are planned to be taken, or that have been
17 taken, to correct the problem identified by the auditor. The
18 descriptions of specific actions to be taken or that have been taken
19 shall not solely consist of general comments such as “will
20 implement,” “accepted the recommendation,” or “will discuss at
21 a later date.”

22 (h) Not later than December 15, a report of each local
23 educational agency audit for the preceding fiscal year shall be
24 filed with the county superintendent of schools of the county in
25 which the local educational agency is located, the department,
26 and the Controller. The Superintendent shall make any adjustments
27 necessary in future apportionments of all state funds, to correct
28 any audit exceptions revealed by those audit reports.

29 (i) (1) Commencing with the 2002–03 audit of local educational
30 agencies pursuant to this section and subdivision (d) of Section
31 41320.1, each county superintendent of schools shall be responsible
32 for reviewing the audit exceptions contained in an audit of a local
33 educational agency under his or her jurisdiction related to
34 attendance, inventory of equipment, internal control, and any
35 miscellaneous items, and determining whether the exceptions have
36 been either corrected or an acceptable plan of correction has been
37 developed.

38 (2) Commencing with the 2004–05 audit of local educational
39 agencies pursuant to this section and subdivision (d) of Section
40 41320.1, each county superintendent of schools shall include in

1 *the review of audit exceptions performed pursuant to this*
2 *subdivision those audit exceptions related to use of instructional*
3 *materials program funds, teacher misassignments pursuant to*
4 *Section 44258.9, information reported on the school accountability*
5 *report card required pursuant to Section 33126 and shall determine*
6 *whether the exceptions are either corrected or an acceptable plan*
7 *of correction has been developed.*

8 *(j) Upon submission of the final audit report to the governing*
9 *board of each local educational agency and subsequent receipt of*
10 *the audit by the county superintendent of schools having*
11 *jurisdiction over the local educational agency, the county office*
12 *of education shall do all of the following:*

13 *(1) Review audit exceptions related to attendance, inventory of*
14 *equipment, internal control, and other miscellaneous exceptions.*
15 *Attendance exceptions or issues shall include, but not be limited*
16 *to, those related to local control funding formula allocations*
17 *pursuant to Section 42238.02, as implemented by Section 42238.03,*
18 *and independent study.*

19 *(2) If a description of the correction or plan of correction has*
20 *not been provided as part of the audit required by this section,*
21 *then the county superintendent of schools shall notify the local*
22 *educational agency and request the governing board of the local*
23 *educational agency to provide to the county superintendent of*
24 *schools a description of the corrections or plan of correction by*
25 *March 15.*

26 *(3) Review the description of correction or plan of correction*
27 *and determine its adequacy. If the description of the correction or*
28 *plan of correction is not adequate, the county superintendent of*
29 *schools shall require the local educational agency to resubmit that*
30 *portion of its response that is inadequate.*

31 *(k) Each county superintendent of schools shall certify to the*
32 *Superintendent and the Controller, not later than May 15, that his*
33 *or her staff has reviewed all audits of local educational agencies*
34 *under his or her jurisdiction for the prior fiscal year, that all*
35 *exceptions that the county superintendent was required to review*
36 *were reviewed, and that all of those exceptions, except as otherwise*
37 *noted in the certification, have been corrected by the local*
38 *educational agency or that an acceptable plan of correction has*
39 *been submitted to the county superintendent of schools. In addition,*
40 *the county superintendent shall identify, by local educational*

1 agency, any attendance-related audit exception or exceptions
2 involving state funds, and require the local educational agency to
3 which the audit exceptions were directed to submit appropriate
4 reporting forms for processing by the Superintendent.

5 (l) In the audit of a local educational agency for a subsequent
6 year, the auditor shall review the correction or plan or plans of
7 correction submitted by the local educational agency to determine
8 if the exceptions have been resolved. If not, the auditor shall
9 immediately notify the appropriate county office of education and
10 the department and restate the exception in the audit report. After
11 receiving that notification, the department shall either consult with
12 the local educational agency to resolve the exception or require
13 the county superintendent of schools to follow up with the local
14 educational agency.

15 (m) (1) The Superintendent shall be responsible for ensuring
16 that local educational agencies have either corrected or developed
17 plans of correction for any one or more of the following:

18 (A) All federal and state compliance audit exceptions identified
19 in the audit.

20 (B) Any exceptions that the county superintendent certifies as
21 of May 15 have not been corrected.

22 (C) Any repeat audit exceptions that are not assigned to a county
23 superintendent to correct.

24 (2) In addition, the Superintendent shall be responsible for
25 ensuring that county superintendents of schools and each county
26 board of education that serves as the governing board of a local
27 educational agency either correct all audit exceptions identified
28 in the audits of county superintendents of schools and of the local
29 educational agencies for which the county boards of education
30 serve as the governing boards or develop acceptable plans of
31 correction for those exceptions.

32 (3) The Superintendent shall report annually to the Controller
33 on his or her actions to ensure that school districts, county
34 superintendents of schools, and each county board of education
35 that serves as the governing board of a school district have either
36 corrected or developed plans of correction for any of the exceptions
37 noted pursuant to paragraph (1).

38 (n) To facilitate correction of the exceptions identified by the
39 audits issued pursuant to this section, commencing with 2002–03
40 audits pursuant to this section, the Controller shall require auditors

1 to categorize audit exceptions in each audit report in a manner
2 that will make it clear to both the county superintendent of schools
3 and the Superintendent which exceptions they are responsible for
4 ensuring the correction of by a local educational agency. In
5 addition, the Controller annually shall select a sampling of county
6 superintendents of schools and perform a followup of the audit
7 resolution process of those county superintendents of schools and
8 report the results of that followup to the Superintendent and the
9 county superintendents of schools that were reviewed.

10 (o) County superintendents of schools shall adjust subsequent
11 local property tax requirements to correct audit exceptions relating
12 to local educational agency tax rates and tax revenues.

13 (p) If a governing board or county superintendent of schools
14 fails or is unable to make satisfactory arrangements for the audit
15 pursuant to this section, the Controller shall make arrangements
16 for the audit and the cost of the audit shall be paid from local
17 educational agency funds or the county school service fund, as the
18 case may be.

19 (q) This section does not authorize examination of, or reports
20 on, the curriculum used or provided for in any local educational
21 agency.

22 (r) Notwithstanding any other law, a nonauditing, management,
23 or other consulting service to be provided to a local educational
24 agency by a certified public accounting firm while the certified
25 public accounting firm is performing an audit of the agency
26 pursuant to this section must be in accord with Government
27 Accounting Standards, Amendment No. 3, as published by the
28 United States General Accounting Office.

29 (s) This section shall become operative on July 1, 2014.

30 SEC. 21. Section 41202 of the Education Code is amended to
31 read:

32 41202. The words and phrases set forth in subdivision (b) of
33 Section 8 of Article XVI of the Constitution of the State of
34 California shall have the following meanings:

35 (a) "Moneys to be applied by the State," as used in subdivision
36 (b) of Section 8 of Article XVI of the California Constitution,
37 means appropriations from the General Fund that are made for
38 allocation to school districts, as defined, or community college
39 districts. An appropriation that is withheld, impounded, or made
40 without provisions for its allocation to school districts or

1 community college districts, shall not be considered to be “moneys
2 to be applied by the State.”

3 (b) “General Fund revenues which may be appropriated pursuant
4 to Article XIII B,” as used in paragraph (1) of subdivision (b) of
5 Section 8 of Article XVI, means General Fund revenues that are
6 the proceeds of taxes as defined by subdivision (c) of Section 8 of
7 Article XIII B of the California Constitution, including, for the
8 1986–87 fiscal year only, any revenues that are determined to be
9 in excess of the appropriations limit established pursuant to Article
10 XIII B for the fiscal year in which they are received. General Fund
11 revenues for a fiscal year to which paragraph (1) of subdivision
12 (b) is being applied shall include, in that computation, only General
13 Fund revenues for that fiscal year that are the proceeds of taxes,
14 as defined in subdivision (c) of Section 8 of Article XIII B of the
15 California Constitution, and shall not include prior fiscal year
16 revenues. Commencing with the 1995–96 fiscal year, and each
17 fiscal year thereafter, “General Fund revenues that are the proceeds
18 of taxes,” as defined in subdivision (c) of Section 8 of Article
19 XIII B of the California Constitution, includes any portion of the
20 proceeds of taxes received from the state sales tax that are
21 transferred to the counties pursuant to, and only if, legislation is
22 enacted during the 1995–96 fiscal year the purpose of which is to
23 realign children’s programs. The amount of the proceeds of taxes
24 shall be computed for any fiscal year in a manner consistent with
25 the manner in which the amount of the proceeds of taxes was
26 computed by the Department of Finance for purposes of the
27 Governor’s Budget for the Budget Act of 1986.

28 (c) “General Fund revenues appropriated for school districts,”
29 as used in paragraph (1) of subdivision (b) of Section 8 of Article
30 XVI of the California Constitution, means the sum of
31 appropriations made that are for allocation to school districts, as
32 defined in Section 41302.5, regardless of whether those
33 appropriations were made from the General Fund to the
34 Superintendent, to the Controller, or to any other fund or state
35 agency for the purpose of allocation to school districts. The full
36 amount of any appropriation shall be included in the calculation
37 of the percentage required by paragraph (1) of subdivision (b) of
38 Article XVI, without regard to any unexpended balance of any
39 appropriation. Any reappropriation of funds appropriated in any
40 prior year shall not be included in the sum of appropriations.

1 (d) “General Fund revenues appropriated for community college
2 districts,” as used in paragraph (1) of subdivision (b) of Section 8
3 of Article XVI of the California Constitution, means the sum of
4 appropriations made that are for allocation to community college
5 districts, regardless of whether those appropriations were made
6 from the General Fund to the Controller, to the Chancellor of the
7 California Community Colleges, or to any other fund or state
8 agency for the purpose of allocation to community college districts.
9 The full amount of any appropriation shall be included in the
10 calculation of the percentage required by paragraph (1) of
11 subdivision (b) of Article XVI, without regard to any unexpended
12 balance of any appropriation. Any reappropriation of funds
13 appropriated in any prior year shall not be included in the sum of
14 appropriations.

15 (e) “Total allocations to school districts and community college
16 districts from General Fund proceeds of taxes appropriated pursuant
17 to Article XIII B,” as used in paragraph (2) or (3) of subdivision
18 (b) of Section 8 of Article XVI of the California Constitution,
19 means the sum of appropriations made that are for allocation to
20 school districts, as defined in Section 41302.5, and community
21 college districts, regardless of whether those appropriations were
22 made from the General Fund to the Controller, to the
23 Superintendent, to the Chancellor of the California Community
24 Colleges, or to any other fund or state agency for the purpose of
25 allocation to school districts and community college districts. The
26 full amount of any appropriation shall be included in the calculation
27 of the percentage required by paragraph (2) or (3) of subdivision
28 (b) of Section 8 of Article XVI, without regard to any unexpended
29 balance of any appropriation. Any reappropriation of funds
30 appropriated in any prior year shall not be included in the sum of
31 appropriations.

32 (f) “General Fund revenues appropriated for school districts
33 and community college districts, respectively” and “moneys to be
34 applied by the state for the support of school districts and
35 community college districts,” as used in Section 8 of Article XVI
36 of the California Constitution, shall include funds appropriated for
37 part-day California state preschool programs under Article 7
38 (commencing with Section 8235) of Chapter 2 of Part 6 of Division
39 1 of Title 1, and the After School Education and Safety Program
40 established pursuant to Article 22.5 (commencing with Section

1 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not
2 include any of the following:

3 (1) Any appropriation that is not made for allocation to a school
4 district, as defined in Section 41302.5, or to a community college
5 district, regardless of whether the appropriation is made for any
6 purpose that may be considered to be for the benefit to a school
7 district, as defined in Section 41302.5, or a community college
8 district. This paragraph shall not be construed to exclude any
9 funding appropriated for part-day California state preschool
10 programs under Article 7 (commencing with Section 8235) of
11 Chapter 2 of Part 6 of Division 1 of Title 1 or the After School
12 Education and Safety Program established pursuant to Article 22.5
13 (commencing with Section 8482) of Chapter 2 of Part 6 of Division
14 1 of Title 1.

15 (2) Any appropriation made to the Teachers' Retirement Fund
16 or to the Public Employees' Retirement Fund except those
17 appropriations for reimbursable state mandates imposed on or
18 before January 1, 1988.

19 (3) Any appropriation made to service any public debt approved
20 by the voters of this state.

21 (4) With the exception of the programs identified in paragraph
22 (1), commencing with the 2011–12 fiscal year, any funds
23 appropriated for the Child Care and Development Services Act,
24 pursuant to Chapter 2 (commencing with Section 8200) of Part 6
25 of Division 1 of Title 1.

26 (g) "Allocated local proceeds of taxes," as used in paragraph
27 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
28 California Constitution, means, for school districts as defined,
29 those local revenues, except revenues identified pursuant to
30 paragraph (5) of subdivision (h) of Section 42238, that are used
31 to offset state aid for school districts in calculations performed
32 pursuant to Sections 2558, 42238, and Chapter 7.2 (commencing
33 with Section 56836) of Part 30.

34 (h) "Allocated local proceeds of taxes," as used in paragraph
35 (2) or (3) of subdivision (b) of Section 8 of Article XVI of the
36 California Constitution, means, for community college districts,
37 those local revenues that are used to offset state aid for community
38 college districts in calculations performed pursuant to Section
39 84700. In no event shall the revenues or receipts derived from
40 student fees be considered "allocated local proceeds of taxes."

1 (i) For purposes of calculating the 4-percent entitlement pursuant
2 to subdivision (a) of Section 8.5 of Article XVI of the California
3 Constitution, “the total amount required pursuant to Section 8(b)”
4 shall mean the General Fund aid required for schools pursuant to
5 subdivision (b) of Section 8 of Article XVI of the California
6 Constitution, and shall not include allocated local proceeds of
7 taxes.

8 (j) This section shall become inoperative on December 15, 2012,
9 and, as of January 1, 2013, is repealed, only if the Schools and
10 Local Public Safety Protection Act of 2012 (Attorney General
11 reference number 12-0009) is not approved by the voters at the
12 November 6, 2012, statewide general election, or if the provisions
13 of that act that modify personal income tax rates do not become
14 operative due to a conflict with another initiative measure that is
15 approved at the same election and receives a greater number of
16 affirmative votes.

17 (k) *This section shall become inoperative on July 1, 2014, and,*
18 *as of January 1, 2015, is repealed, unless a later enacted statute,*
19 *that becomes operative on or before January 1, 2015, deletes or*
20 *extends the dates on which it becomes inoperative and is repealed.*

21 *SEC. 22. Section 41202 is added to the Education Code, to*
22 *read:*

23 *41202. The words and phrases set forth in subdivision (b) of*
24 *Section 8 of Article XVI of the Constitution of the State of*
25 *California shall have the following meanings:*

26 (a) *“Moneys to be applied by the State,” as used in subdivision*
27 *(b) of Section 8 of Article XVI of the California Constitution, means*
28 *appropriations from the General Fund that are made for allocation*
29 *to school districts, as defined, or community college districts. An*
30 *appropriation that is withheld, impounded, or made without*
31 *provisions for its allocation to school districts or community*
32 *college districts, shall not be considered to be “moneys to be*
33 *applied by the State.”*

34 (b) *“General Fund revenues which may be appropriated*
35 *pursuant to Article XIII B,” as used in paragraph (1) of subdivision*
36 *(b) of Section 8 of Article XVI, means General Fund revenues that*
37 *are the proceeds of taxes as defined by subdivision (c) of Section*
38 *8 of Article XIII B of the California Constitution, including, for*
39 *the 1986–87 fiscal year only, any revenues that are determined to*
40 *be in excess of the appropriations limit established pursuant to*

1 Article XIII B for the fiscal year in which they are received. General
2 Fund revenues for a fiscal year to which paragraph (1) of
3 subdivision (b) is being applied shall include, in that computation,
4 only General Fund revenues for that fiscal year that are the
5 proceeds of taxes, as defined in subdivision (c) of Section 8 of
6 Article XIII B of the California Constitution, and shall not include
7 prior fiscal year revenues. Commencing with the 1995–96 fiscal
8 year, and each fiscal year thereafter, “General Fund revenues
9 that are the proceeds of taxes,” as defined in subdivision (c) of
10 Section 8 of Article XIII B of the California Constitution, includes
11 any portion of the proceeds of taxes received from the state sales
12 tax that are transferred to the counties pursuant to, and only if,
13 legislation is enacted during the 1995–96 fiscal year the purpose
14 of which is to realign children’s programs. The amount of the
15 proceeds of taxes shall be computed for any fiscal year in a manner
16 consistent with the manner in which the amount of the proceeds
17 of taxes was computed by the Department of Finance for purposes
18 of the Governor’s Budget for the Budget Act of 1986.

19 (c) “General Fund revenues appropriated for school districts,”
20 as used in paragraph (1) of subdivision (b) of Section 8 of Article
21 XVI of the California Constitution, means the sum of
22 appropriations made that are for allocation to school districts, as
23 defined in Section 41302.5, regardless of whether those
24 appropriations were made from the General Fund to the
25 Superintendent, to the Controller, or to any other fund or state
26 agency for the purpose of allocation to school districts. The full
27 amount of any appropriation shall be included in the calculation
28 of the percentage required by paragraph (1) of subdivision (b) of
29 Article XVI, without regard to any unexpended balance of any
30 appropriation. Any reappropriation of funds appropriated in any
31 prior year shall not be included in the sum of appropriations.

32 (d) “General Fund revenues appropriated for community college
33 districts,” as used in paragraph (1) of subdivision (b) of Section
34 8 of Article XVI of the California Constitution, means the sum of
35 appropriations made that are for allocation to community college
36 districts, regardless of whether those appropriations were made
37 from the General Fund to the Controller, to the Chancellor of the
38 California Community Colleges, or to any other fund or state
39 agency for the purpose of allocation to community college districts.
40 The full amount of any appropriation shall be included in the

1 calculation of the percentage required by paragraph (1) of
2 subdivision (b) of Article XVI, without regard to any unexpended
3 balance of any appropriation. Any reappropriation of funds
4 appropriated in any prior year shall not be included in the sum of
5 appropriations.

6 (e) “Total allocations to school districts and community college
7 districts from General Fund proceeds of taxes appropriated
8 pursuant to Article XIII B,” as used in paragraph (2) or (3) of
9 subdivision (b) of Section 8 of Article XVI of the California
10 Constitution, means the sum of appropriations made that are for
11 allocation to school districts, as defined in Section 41302.5, and
12 community college districts, regardless of whether those
13 appropriations were made from the General Fund to the
14 Controller, to the Superintendent, to the Chancellor of the
15 California Community Colleges, or to any other fund or state
16 agency for the purpose of allocation to school districts and
17 community college districts. The full amount of any appropriation
18 shall be included in the calculation of the percentage required by
19 paragraph (2) or (3) of subdivision (b) of Section 8 of Article XVI,
20 without regard to any unexpended balance of any appropriation.
21 Any reappropriation of funds appropriated in any prior year shall
22 not be included in the sum of appropriations.

23 (f) “General Fund revenues appropriated for school districts
24 and community college districts, respectively” and “moneys to be
25 applied by the state for the support of school districts and
26 community college districts,” as used in Section 8 of Article XVI
27 of the California Constitution, shall include funds appropriated
28 for part-day California state preschool programs under Article 7
29 (commencing with Section 8235) of Chapter 2 of Part 6 of Division
30 1 of Title 1, and the After School Education and Safety Program
31 established pursuant to Article 22.5 (commencing with Section
32 8482) of Chapter 2 of Part 6 of Division 1 of Title 1, and shall not
33 include any of the following:

34 (1) Any appropriation that is not made for allocation to a school
35 district, as defined in Section 41302.5, or to a community college
36 district, regardless of whether the appropriation is made for any
37 purpose that may be considered to be for the benefit to a school
38 district, as defined in Section 41302.5, or a community college
39 district. This paragraph shall not be construed to exclude any
40 funding appropriated for part-day California state preschool

1 *programs under Article 7 (commencing with Section 8235) of*
2 *Chapter 2 of Part 6 of Division 1 of Title 1 or the After School*
3 *Education and Safety Program established pursuant to Article*
4 *22.5 (commencing with Section 8482) of Chapter 2 of Part 6 of*
5 *Division 1 of Title 1.*

6 (2) *Any appropriation made to the Teachers' Retirement Fund*
7 *or to the Public Employees' Retirement Fund except those*
8 *appropriations for reimbursable state mandates imposed on or*
9 *before January 1, 1988.*

10 (3) *Any appropriation made to service any public debt approved*
11 *by the voters of this state.*

12 (4) *With the exception of the programs identified in paragraph*
13 *(1), commencing with the 2011–12 fiscal year, any funds*
14 *appropriated for the Child Care and Development Services Act,*
15 *pursuant to Chapter 2 (commencing with Section 8200) of Part 6*
16 *of Division 1 of Title 1.*

17 (g) *“Allocated local proceeds of taxes,” as used in paragraph*
18 *(2) or (3) of subdivision (b) of Section 8 of Article XVI of the*
19 *California Constitution, means, for school districts as defined,*
20 *those local revenues, except revenues identified pursuant to*
21 *paragraph (5) of subdivision (i) of Section 42238.02, that are used*
22 *to offset state aid for school districts in calculations performed*
23 *pursuant to Sections 2575, 42238.02, and Chapter 7.2*
24 *(commencing with Section 56836) of Part 30 of Division 4.*

25 (h) *“Allocated local proceeds of taxes,” as used in paragraph*
26 *(2) or (3) of subdivision (b) of Section 8 of Article XVI of the*
27 *California Constitution, means, for community college districts,*
28 *those local revenues that are used to offset state aid for community*
29 *college districts. In no event shall the revenues or receipts derived*
30 *from student fees be considered “allocated local proceeds of*
31 *taxes.”*

32 (i) *For purposes of calculating the 4-percent entitlement*
33 *pursuant to subdivision (a) of Section 8.5 of Article XVI of the*
34 *California Constitution, “the total amount required pursuant to*
35 *Section 8(b)” shall mean the General Fund aid required for schools*
36 *pursuant to subdivision (b) of Section 8 of Article XVI of the*
37 *California Constitution, and shall not include allocated local*
38 *proceeds of taxes.*

39 (j) *This section shall become operative on July 1, 2014.*

1 *SEC. 23. Section 42127 of the Education Code is amended to*
2 *read:*

3 42127. (a) On or before July 1 of each year, the governing
4 board of each school district shall accomplish the following:

5 (1) Hold a public hearing on the budget to be adopted for the
6 subsequent fiscal year. The budget to be adopted shall be prepared
7 in accordance with Section 42126. The agenda for that hearing
8 shall be posted at least 72 hours before the public hearing and shall
9 include the location where the budget will be available for public
10 inspection.

11 (A) For the 2011–12 fiscal year, notwithstanding any of the
12 standards and criteria adopted by the state board pursuant to Section
13 33127, each school district budget shall project the same level of
14 revenue per unit of average daily attendance as it received in the
15 2010–11 fiscal year and shall maintain staffing and program levels
16 commensurate with that level.

17 (B) For the 2011–12 fiscal year, the school district shall not be
18 required to demonstrate that it is able to meet its financial
19 obligations for the two subsequent fiscal years.

20 (2) Adopt a budget. Not later than five days after that adoption
21 or by July 1, whichever occurs first, the governing board of the
22 school district shall file that budget with the county superintendent
23 of schools. That budget and supporting data shall be maintained
24 and made available for public review. If the governing board of
25 the school district does not want all or a portion of the property
26 tax requirement levied for the purpose of making payments for the
27 interest and redemption charges on indebtedness as described in
28 paragraph (1) or (2) of subdivision (b) of Section 1 of Article
29 XIII A of the California Constitution, the budget shall include a
30 statement of the amount or portion for which a levy shall not be
31 made.

32 (b) The county superintendent of schools may accept changes
33 in any statement included in the budget, pursuant to subdivision
34 (a), of the amount or portion for which a property tax levy shall
35 not be made. The county superintendent of schools or the county
36 auditor shall compute the actual amounts to be levied on the
37 property tax rolls of the school district for purposes that exceed
38 apportionments to the school district pursuant to Chapter 6
39 (commencing with Section 95) of Part 0.5 of Division 1 of the
40 Revenue and Taxation Code. Each school district shall provide all

1 data needed by the county superintendent of schools or the county
2 auditor to compute the amounts. On or before August 15, the
3 county superintendent of schools shall transmit the amounts
4 computed to the county auditor who shall compute the tax rates
5 necessary to produce the amounts. On or before September 1, the
6 county auditor shall submit the rate computed to the board of
7 supervisors for adoption.

8 (c) The county superintendent of schools shall do all of the
9 following:

10 (1) Examine the adopted budget to determine whether it
11 complies with the standards and criteria adopted by the state board
12 pursuant to Section 33127 for application to final local educational
13 agency budgets. The county superintendent of schools shall
14 identify, if necessary, technical corrections that are required to be
15 made to bring the budget into compliance with those standards
16 and criteria.

17 (2) Determine whether the adopted budget will allow the school
18 district to meet its financial obligations during the fiscal year and
19 is consistent with a financial plan that will enable the school district
20 to satisfy its multiyear financial commitments. In addition to his
21 or her own analysis of the budget of each school district, the county
22 superintendent of schools shall review and consider studies, reports,
23 evaluations, or audits of the school district that were commissioned
24 by the school district, the county superintendent of schools, the
25 Superintendent, and state control agencies and that contain
26 evidence that the school district is showing fiscal distress under
27 the standards and criteria adopted in Section 33127 or that contain
28 a finding by an external reviewer that more than three of the 15
29 most common predictors of a school district needing intervention,
30 as determined by the County Office Fiscal Crisis and Management
31 Assistance Team, are present. The county superintendent of schools
32 shall either conditionally approve or disapprove a budget that does
33 not provide adequate assurance that the school district will meet
34 its current and future obligations and resolve any problems
35 identified in studies, reports, evaluations, or audits described in
36 this paragraph.

37 (d) On or before August 15, the county superintendent of schools
38 shall approve, conditionally approve, or disapprove the adopted
39 budget for each school district. If a school district does not submit
40 a budget to the county superintendent of schools, the county

1 superintendent of schools shall develop, at school district expense,
2 a budget for that school district by September 15 and transmit that
3 budget to the governing board of the school district. The budget
4 prepared by the county superintendent of schools shall be deemed
5 adopted, unless the county superintendent of schools approves any
6 modifications made by the governing board of the school district.
7 The approved budget shall be used as a guide for the school
8 district's priorities. The Superintendent shall review and certify
9 the budget approved by the county. If, pursuant to the review
10 conducted pursuant to subdivision (c), the county superintendent
11 of schools determines that the adopted budget for a school district
12 does not satisfy paragraph (1) or (2) of that subdivision, he or she
13 shall conditionally approve or disapprove the budget and, not later
14 than August 15, transmit to the governing board of the school
15 district, in writing, his or her recommendations regarding revision
16 of the budget and the reasons for those recommendations,
17 including, but not limited to, the amounts of any budget
18 adjustments needed before he or she can approve that budget. The
19 county superintendent of schools may assign a fiscal adviser to
20 assist the school district to develop a budget in compliance with
21 those revisions. In addition, the county superintendent of schools
22 may appoint a committee to examine and comment on the
23 superintendent's review and recommendations, subject to the
24 requirement that the committee report its findings to the county
25 superintendent of schools no later than August 20. For the 2011–12
26 fiscal year, notwithstanding any of the standards and criteria
27 adopted by the state board pursuant to Section 33127, the county
28 superintendent of schools, as a condition on approval of a school
29 district budget, shall not require a school district to project a lower
30 level of revenue per unit of average daily attendance than it
31 received in the 2010–11 fiscal year nor require the school district
32 to demonstrate that it is able to meet its financial obligations for
33 the two subsequent fiscal years.

34 (e) On or before September 8, the governing board of the school
35 district shall revise the adopted budget to reflect changes in
36 projected income or expenditures subsequent to July 1, and to
37 include any response to the recommendations of the county
38 superintendent of schools, shall adopt the revised budget, and shall
39 file the revised budget with the county superintendent of schools.
40 Before revising the budget, the governing board of the school

1 district shall hold a public hearing regarding the proposed revisions,
2 to be conducted in accordance with Section 42103. In addition, if
3 the adopted budget is disapproved pursuant to subdivision (d), the
4 governing board of the school district and the county
5 superintendent of schools shall review the disapproval and the
6 recommendations of the county superintendent of schools regarding
7 revision of the budget at the public hearing. The revised budget
8 and supporting data shall be maintained and made available for
9 public review.

10 (1) For the 2011–12 fiscal year, notwithstanding any of the
11 standards and criteria adopted by the state board pursuant to Section
12 33127, each school district budget shall project the same level of
13 revenue per unit of average daily attendance as it received in the
14 2010–11 fiscal year and shall maintain staffing and program levels
15 commensurate with that level.

16 (2) For the 2011–12 fiscal year, the school district shall not be
17 required to demonstrate that it is able to meet its financial
18 obligations for the two subsequent fiscal years.

19 (f) On or before September 22, the county superintendent of
20 schools shall provide a list to the Superintendent identifying all
21 school districts for which budgets may be disapproved.

22 (g) The county superintendent of schools shall examine the
23 revised budget to determine whether it (1) complies with the
24 standards and criteria adopted by the state board pursuant to Section
25 33127 for application to final local educational agency budgets,
26 (2) allows the school district to meet its financial obligations during
27 the fiscal year, (3) satisfies all conditions established by the county
28 superintendent of schools in the case of a conditionally approved
29 budget, and (4) is consistent with a financial plan that will enable
30 the school district to satisfy its multiyear financial commitments,
31 and, not later than October 8, shall approve or disapprove the
32 revised budget. If the county superintendent of schools disapproves
33 the budget, he or she shall call for the formation of a budget review
34 committee pursuant to Section 42127.1, unless the governing board
35 of the school district and the county superintendent of schools
36 agree to waive the requirement that a budget review committee be
37 formed and the department approves the waiver after determining
38 that a budget review committee is not necessary. Upon the grant
39 of a waiver, the county superintendent of schools immediately has
40 the authority and responsibility provided in Section 42127.3. Upon

1 approving a waiver of the budget review committee, the department
2 shall ensure that a balanced budget is adopted for the school district
3 by November 30. If no budget is adopted by November 30, the
4 Superintendent may adopt a budget for the school district. The
5 Superintendent shall report to the Legislature and the Director of
6 Finance by December 10 if any school district, including a school
7 district that has received a waiver of the budget review committee
8 process, does not have an adopted budget by November 30. This
9 report shall include the reasons why a budget has not been adopted
10 by the deadline, the steps being taken to finalize budget adoption,
11 the date the adopted budget is anticipated, and whether the
12 Superintendent has or will exercise his or her authority to adopt a
13 budget for the school district. For the 2011–12 fiscal year,
14 notwithstanding any of the standards and criteria adopted by the
15 state board pursuant to Section 33127, the county superintendent
16 of schools, as a condition on approval of a school district budget,
17 shall not require a school district to project a lower level of revenue
18 per unit of average daily attendance than it received in the 2010–11
19 fiscal year nor require the school district to demonstrate that it is
20 able to meet its financial obligations for the two subsequent fiscal
21 years.

22 (h) Not later than October 8, the county superintendent of
23 schools shall submit a report to the Superintendent identifying all
24 school districts for which budgets have been disapproved or budget
25 review committees waived. The report shall include a copy of the
26 written response transmitted to each of those school districts
27 pursuant to subdivision (d).

28 (i) Notwithstanding any other provision of this section, the
29 budget review for a school district shall be governed by paragraphs
30 (1), (2), and (3), rather than by subdivisions (e) and (g), if the
31 governing board of the school district so elects and notifies the
32 county superintendent of schools in writing of that decision, not
33 later than October 31 of the immediately preceding calendar year.
34 On or before July 1, the governing board of a school district for
35 which the budget review is governed by this subdivision, rather
36 than by subdivisions (e) and (g), shall conduct a public hearing
37 regarding its proposed budget in accordance with Section 42103.

38 (1) If the adopted budget of a school district is disapproved
39 pursuant to subdivision (d), on or before September 8, the
40 governing board of the school district, in conjunction with the

1 county superintendent of schools, shall review the superintendent's
2 recommendations at a regular meeting of the governing board of
3 the school district and respond to those recommendations. The
4 response shall include any revisions to the adopted budget and
5 other proposed actions to be taken, if any, as a result of those
6 recommendations.

7 (2) On or before September 22, the county superintendent of
8 schools shall provide a list to the Superintendent identifying all
9 school districts for which a budget may be tentatively disapproved.

10 (3) Not later than October 8, after receiving the response
11 required under paragraph (1), the county superintendent of schools
12 shall review that response and either approve or disapprove the
13 budget. If the county superintendent of schools disapproves the
14 budget, he or she shall call for the formation of a budget review
15 committee pursuant to Section 42127.1, unless the governing board
16 of the school district and the county superintendent of schools
17 agree to waive the requirement that a budget review committee be
18 formed and the department approves the waiver after determining
19 that a budget review committee is not necessary. Upon the grant
20 of a waiver, the county superintendent has the authority and
21 responsibility provided to a budget review committee in Section
22 42127.3. Upon approving a waiver of the budget review committee,
23 the department shall ensure that a balanced budget is adopted for
24 the school district by November 30. The Superintendent shall
25 report to the Legislature and the Director of Finance by December
26 10 if any school district, including a school district that has received
27 a waiver of the budget review committee process, does not have
28 an adopted budget by November 30. This report shall include the
29 reasons why a budget has not been adopted by the deadline, the
30 steps being taken to finalize budget adoption, and the date the
31 adopted budget is anticipated. For the 2011–12 fiscal year,
32 notwithstanding any of the standards and criteria adopted by the
33 state board pursuant to Section 33127, the county superintendent
34 of schools, as a condition on approval of a school district budget,
35 shall not require a school district to project a lower level of revenue
36 per unit of average daily attendance than it received in the 2010–11
37 fiscal year nor require the school district to demonstrate that it is
38 able to meet its financial obligations for the two subsequent fiscal
39 years.

1 (4) Not later than 45 days after the Governor signs the annual
2 Budget Act, the school district shall make available for public
3 review any revisions in revenues and expenditures that it has made
4 to its budget to reflect the funding made available by that Budget
5 Act.

6 (j) Any school district for which the county board of education
7 serves as the governing board of the school district is not subject
8 to subdivisions (c) to (h), inclusive, but is governed instead by the
9 budget procedures set forth in Section 1622.

10 (k) *This section shall become inoperative on July 1, 2014, and,*
11 *as of January 1, 2015, is repealed, unless a later enacted statute,*
12 *that becomes operative on or before January 1, 2015, deletes or*
13 *extends the dates on which it becomes inoperative and is repealed.*

14 SEC. 24. Section 42127 is added to the Education Code, to
15 read:

16 42127. (a) On or before July 1 of each year, the governing
17 board of each school district shall accomplish the following:

18 (1) Hold a public hearing on the budget to be adopted for the
19 subsequent fiscal year. The budget to be adopted shall be prepared
20 in accordance with Section 42126. The agenda for that hearing
21 shall be posted at least 72 hours before the public hearing and
22 shall include the location where the budget will be available for
23 public inspection.

24 (A) For the 2011–12 fiscal year, notwithstanding any of the
25 standards and criteria adopted by the state board pursuant to
26 Section 33127, each school district budget shall project the same
27 level of revenue per unit of average daily attendance as it received
28 in the 2010–11 fiscal year and shall maintain staffing and program
29 levels commensurate with that level.

30 (B) For the 2011–12 fiscal year, the school district shall not be
31 required to demonstrate that it is able to meet its financial
32 obligations for the two subsequent fiscal years.

33 (2) Adopt a budget and take action on a local control and
34 accountability plan pursuant to Sections 52060 and 52064. Not
35 later than five days after that adoption or by July 1, whichever
36 occurs first, the governing board of the school district shall file
37 that budget with the county superintendent of schools. The budget,
38 the local control and accountability plan, and supporting data
39 shall be maintained and made available for public review. If the
40 governing board of the school district does not want all or a

1 *portion of the property tax requirement levied for the purpose of*
2 *making payments for the interest and redemption charges on*
3 *indebtedness as described in paragraph (1) or (2) of subdivision*
4 *(b) of Section 1 of Article XIII A of the California Constitution, the*
5 *budget shall include a statement of the amount or portion for which*
6 *a levy shall not be made. For the 2015–16 fiscal year and each*
7 *fiscal year thereafter, the governing board of the school district*
8 *shall not adopt a budget before the governing board of the school*
9 *district adopts a local control and accountability plan or approves*
10 *an update to an existing local control and accountability plan*
11 *pursuant to Sections 52060 and 52064. The governing board of a*
12 *school district shall not adopt a budget that does not align with*
13 *the local control and accountability plan that applies to the*
14 *subsequent fiscal year.*

15 *(b) The county superintendent of schools may accept changes*
16 *in any statement included in the budget, pursuant to subdivision*
17 *(a), of the amount or portion for which a property tax levy shall*
18 *not be made. The county superintendent of schools or the county*
19 *auditor shall compute the actual amounts to be levied on the*
20 *property tax rolls of the school district for purposes that exceed*
21 *apportionments to the school district pursuant to Chapter 6*
22 *(commencing with Section 95) of Part 0.5 of Division 1 of the*
23 *Revenue and Taxation Code. Each school district shall provide*
24 *all data needed by the county superintendent of schools or the*
25 *county auditor to compute the amounts. On or before August 15,*
26 *the county superintendent of schools shall transmit the amounts*
27 *computed to the county auditor who shall compute the tax rates*
28 *necessary to produce the amounts. On or before September 1, the*
29 *county auditor shall submit the rate computed to the board of*
30 *supervisors for adoption.*

31 *(c) The county superintendent of schools shall do all of the*
32 *following:*

33 *(1) Examine the adopted budget to determine whether it*
34 *complies with the standards and criteria adopted by the state board*
35 *pursuant to Section 33127 for application to final local educational*
36 *agency budgets. The county superintendent of schools shall identify,*
37 *if necessary, technical corrections that are required to be made*
38 *to bring the budget into compliance with those standards and*
39 *criteria.*

1 (2) *Determine whether the adopted budget will allow the school*
2 *district to meet its financial obligations during the fiscal year and*
3 *is consistent with a financial plan that will enable the school*
4 *district to satisfy its multiyear financial commitments. In addition*
5 *to his or her own analysis of the budget of each school district,*
6 *the county superintendent of schools shall review and consider*
7 *studies, reports, evaluations, or audits of the school district that*
8 *were commissioned by the school district, the county*
9 *superintendent of schools, the Superintendent, and state control*
10 *agencies and that contain evidence that the school district is*
11 *showing fiscal distress under the standards and criteria adopted*
12 *in Section 33127 or that contain a finding by an external reviewer*
13 *that more than three of the 15 most common predictors of a school*
14 *district needing intervention, as determined by the County Office*
15 *Fiscal Crisis and Management Assistance Team, are present. The*
16 *county superintendent of schools shall either conditionally approve*
17 *or disapprove a budget that does not provide adequate assurance*
18 *that the school district will meet its current and future obligations*
19 *and resolve any problems identified in studies, reports, evaluations,*
20 *or audits described in this paragraph.*

21 (3) *Determine whether the adopted budget will allow the school*
22 *district to implement the specific actions and strategies included*
23 *in the local control and accountability plan adopted by the*
24 *governing board of the school district pursuant to Section 52060*
25 *and 52064.*

26 (d) *On or before August 15, the county superintendent of schools*
27 *shall approve, conditionally approve, or disapprove the adopted*
28 *budget for each school district. For the 2015–16 fiscal year and*
29 *each fiscal year thereafter, the county superintendent of schools*
30 *shall disapprove a budget if a school district does not file a local*
31 *control and accountability plan with the county superintendent of*
32 *schools, if the Superintendent determines that a local control and*
33 *accountability plan filed does not adhere to the template adopted*
34 *by the state board pursuant to Section 52066 or does not include*
35 *all of the components identified in subdivision (a) of Section 52064,*
36 *or if the county superintendent of schools determines that the*
37 *expenditures included in the budget do not reflect the costs*
38 *necessary to implement the plan. If a school district does not submit*
39 *a budget to the county superintendent of schools, the county*
40 *superintendent of schools shall develop, at school district expense,*

1 a budget for that school district by September 15 and transmit that
2 budget to the governing board of the school district. The budget
3 prepared by the county superintendent of schools shall be deemed
4 adopted, unless the county superintendent of schools approves any
5 modifications made by the governing board of the school district.
6 The approved budget shall be used as a guide for the school
7 district's priorities. The Superintendent shall review and certify
8 the budget approved by the county. If, pursuant to the review
9 conducted pursuant to subdivision (c), the county superintendent
10 of schools determines that the adopted budget for a school district
11 does not satisfy paragraph (1) or (2) of that subdivision, he or she
12 shall conditionally approve or disapprove the budget and, not later
13 than August 15, transmit to the governing board of the school
14 district, in writing, his or her recommendations regarding revision
15 of the budget and the reasons for those recommendations,
16 including, but not limited to, the amounts of any budget adjustments
17 needed before he or she can approve that budget. The county
18 superintendent of schools may assign a fiscal adviser to assist the
19 school district to develop a budget in compliance with those
20 revisions. In addition, the county superintendent of schools may
21 appoint a committee to examine and comment on the
22 superintendent's review and recommendations, subject to the
23 requirement that the committee report its findings to the county
24 superintendent of schools no later than August 20. For the 2011–12
25 fiscal year, notwithstanding any of the standards and criteria
26 adopted by the state board pursuant to Section 33127, the county
27 superintendent of schools, as a condition on approval of a school
28 district budget, shall not require a school district to project a lower
29 level of revenue per unit of average daily attendance than it
30 received in the 2010–11 fiscal year nor require the school district
31 to demonstrate that it is able to meet its financial obligations for
32 the two subsequent fiscal years.

33 (e) On or before September 8, the governing board of the school
34 district shall revise the adopted budget to reflect changes in
35 projected income or expenditures subsequent to July 1, and to
36 include any response to the recommendations of the county
37 superintendent of schools, shall adopt the revised budget, and shall
38 file the revised budget with the county superintendent of schools.
39 Before revising the budget, the governing board of the school
40 district shall hold a public hearing regarding the proposed

1 revisions, to be conducted in accordance with Section 42103. In
2 addition, if the adopted budget is disapproved pursuant to
3 subdivision (d), the governing board of the school district and the
4 county superintendent of schools shall review the disapproval and
5 the recommendations of the county superintendent of schools
6 regarding revision of the budget at the public hearing. The revised
7 budget and supporting data shall be maintained and made
8 available for public review.

9 (1) For the 2011–12 fiscal year, notwithstanding any of the
10 standards and criteria adopted by the state board pursuant to
11 Section 33127, each school district budget shall project the same
12 level of revenue per unit of average daily attendance as it received
13 in the 2010–11 fiscal year and shall maintain staffing and program
14 levels commensurate with that level.

15 (2) For the 2011–12 fiscal year, the school district shall not be
16 required to demonstrate that it is able to meet its financial
17 obligations for the two subsequent fiscal years.

18 (f) On or before September 22, the county superintendent of
19 schools shall provide a list to the Superintendent identifying all
20 school districts for which budgets may be disapproved.

21 (g) The county superintendent of schools shall examine the
22 revised budget to determine whether it (1) complies with the
23 standards and criteria adopted by the state board pursuant to
24 Section 33127 for application to final local educational agency
25 budgets, (2) allows the school district to meet its financial
26 obligations during the fiscal year, (3) satisfies all conditions
27 established by the county superintendent of schools in the case of
28 a conditionally approved budget, and (4) is consistent with a
29 financial plan that will enable the school district to satisfy its
30 multiyear financial commitments, and, not later than October 8,
31 shall approve or disapprove the revised budget. If the county
32 superintendent of schools disapproves the budget, he or she shall
33 call for the formation of a budget review committee pursuant to
34 Section 42127.1, unless the governing board of the school district
35 and the county superintendent of schools agree to waive the
36 requirement that a budget review committee be formed and the
37 department approves the waiver after determining that a budget
38 review committee is not necessary. Upon the grant of a waiver,
39 the county superintendent of schools immediately has the authority
40 and responsibility provided in Section 42127.3. Upon approving

1 a waiver of the budget review committee, the department shall
2 ensure that a balanced budget is adopted for the school district
3 by November 30. If no budget is adopted by November 30, the
4 Superintendent may adopt a budget for the school district. The
5 Superintendent shall report to the Legislature and the Director of
6 Finance by December 10 if any school district, including a school
7 district that has received a waiver of the budget review committee
8 process, does not have an adopted budget by November 30. This
9 report shall include the reasons why a budget has not been adopted
10 by the deadline, the steps being taken to finalize budget adoption,
11 the date the adopted budget is anticipated, and whether the
12 Superintendent has or will exercise his or her authority to adopt
13 a budget for the school district. For the 2011–12 fiscal year,
14 notwithstanding any of the standards and criteria adopted by the
15 state board pursuant to Section 33127, the county superintendent
16 of schools, as a condition on approval of a school district budget,
17 shall not require a school district to project a lower level of
18 revenue per unit of average daily attendance than it received in
19 the 2010–11 fiscal year nor require the school district to
20 demonstrate that it is able to meet its financial obligations for the
21 two subsequent fiscal years.

22 (h) Not later than October 8, the county superintendent of
23 schools shall submit a report to the Superintendent identifying all
24 school districts for which budgets have been disapproved or budget
25 review committees waived. The report shall include a copy of the
26 written response transmitted to each of those school districts
27 pursuant to subdivision (d).

28 (i) Notwithstanding any other provision of this section, the
29 budget review for a school district shall be governed by paragraphs
30 (1), (2), and (3), rather than by subdivisions (e) and (g), if the
31 governing board of the school district so elects and notifies the
32 county superintendent of schools in writing of that decision, not
33 later than October 31 of the immediately preceding calendar year.
34 On or before July 1, the governing board of a school district for
35 which the budget review is governed by this subdivision, rather
36 than by subdivisions (e) and (g), shall conduct a public hearing
37 regarding its proposed budget in accordance with Section 42103.

38 (1) If the adopted budget of a school district is disapproved
39 pursuant to subdivision (d), on or before September 8, the
40 governing board of the school district, in conjunction with the

1 county superintendent of schools, shall review the superintendent's
2 recommendations at a regular meeting of the governing board of
3 the school district and respond to those recommendations. The
4 response shall include any revisions to the adopted budget and
5 other proposed actions to be taken, if any, as a result of those
6 recommendations.

7 (2) On or before September 22, the county superintendent of
8 schools shall provide a list to the Superintendent identifying all
9 school districts for which a budget may be tentatively disapproved.

10 (3) Not later than October 8, after receiving the response
11 required under paragraph (1), the county superintendent of schools
12 shall review that response and either approve or disapprove the
13 budget. If the county superintendent of schools disapproves the
14 budget, he or she shall call for the formation of a budget review
15 committee pursuant to Section 42127.1, unless the governing board
16 of the school district and the county superintendent of schools
17 agree to waive the requirement that a budget review committee
18 be formed and the department approves the waiver after
19 determining that a budget review committee is not necessary. Upon
20 the grant of a waiver, the county superintendent has the authority
21 and responsibility provided to a budget review committee in Section
22 42127.3. Upon approving a waiver of the budget review committee,
23 the department shall ensure that a balanced budget is adopted for
24 the school district by November 30. The Superintendent shall report
25 to the Legislature and the Director of Finance by December 10 if
26 any school district, including a school district that has received a
27 waiver of the budget review committee process, does not have an
28 adopted budget by November 30. This report shall include the
29 reasons why a budget has not been adopted by the deadline, the
30 steps being taken to finalize budget adoption, and the date the
31 adopted budget is anticipated. For the 2011–12 fiscal year,
32 notwithstanding any of the standards and criteria adopted by the
33 state board pursuant to Section 33127, the county superintendent
34 of schools, as a condition on approval of a school district budget,
35 shall not require a school district to project a lower level of
36 revenue per unit of average daily attendance than it received in
37 the 2010–11 fiscal year nor require the school district to
38 demonstrate that it is able to meet its financial obligations for the
39 two subsequent fiscal years.

1 (4) Not later than 45 days after the Governor signs the annual
2 Budget Act, the school district shall make available for public
3 review any revisions in revenues and expenditures that it has made
4 to its budget to reflect the funding made available by that Budget
5 Act.

6 (j) Any school district for which the county board of education
7 serves as the governing board of the school district is not subject
8 to subdivisions (c) to (h), inclusive, but is governed instead by the
9 budget procedures set forth in Section 1622.

10 (k) This section shall become operative on July 1, 2014.

11 SEC. 25. Section 42238 of the Education Code is amended to
12 read:

13 42238. (a) For the 1984–85 fiscal year and each fiscal year
14 thereafter, the county superintendent of schools shall determine a
15 revenue limit for each school district in the county pursuant to this
16 section.

17 (b) The base revenue limit for a fiscal year shall be determined
18 by adding to the base revenue limit for the prior fiscal year the
19 following amounts:

20 (1) The inflation adjustment specified in Section 42238.1.

21 (2) For the 1995–96 fiscal year, the equalization adjustment
22 specified in Section 42238.4.

23 (3) For the 1996–97 fiscal year, the equalization adjustments
24 specified in Sections 42238.41, 42238.42, and 42238.43.

25 (4) For the 1985–86 fiscal year, the amount per unit of average
26 daily attendance received in the 1984–85 fiscal year pursuant to
27 Section 42238.7.

28 (5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the
29 amount per unit of average daily attendance received in the prior
30 fiscal year pursuant to Section 42238.8.

31 (6) For the 2004–05 fiscal year, the equalization adjustment
32 specified in Section 42238.44.

33 (7) For the 2006–07 fiscal year, the equalization adjustment
34 specified in Section 42238.48.

35 (8) For the 2011–12 fiscal year, the equalization adjustment
36 specified in Section 42238.49.

37 (c) (1) (A) For the 2010–11 fiscal year, the Superintendent
38 shall compute an add-on for each school district by adding the
39 inflation adjustment specified in Section 42238.1 to the adjustment
40 specified in Section 42238.485.

1 (B) For the 2011–12 fiscal year and each fiscal year thereafter,
2 the Superintendent shall compute an add-on for each school district
3 by adding the inflation adjustment specified in Section 42238.1 to
4 the amount computed pursuant to this paragraph for the prior fiscal
5 year.

6 (2) Commencing with the 2010–11 fiscal year, the
7 Superintendent shall compute an add-on for each school district
8 by dividing each school district’s fiscal year average daily
9 attendance computed pursuant to Section 42238.5 by the total
10 adjustments in funding for each district made for the 2007–08
11 fiscal year pursuant to Section 42238.22 as it read on January 1,
12 2009.

13 (d) The sum of the base revenue limit computed pursuant to
14 subdivision (b) and the add-on computed pursuant to subdivision
15 (c) shall be multiplied by the district average daily attendance
16 computed pursuant to Section 42238.5.

17 (e) For districts electing to compute units of average daily
18 attendance pursuant to paragraph (2) of subdivision (a) of Section
19 42238.5, the amount computed pursuant to Article 4 (commencing
20 with Section 42280) shall be added to the amount computed in
21 subdivision (c) or (d), as appropriate.

22 (f) For the 1984–85 fiscal year only, the county superintendent
23 shall reduce the total revenue limit computed in this section by the
24 amount of the decreased employer contributions to the Public
25 Employees’ Retirement System resulting from enactment of
26 Chapter 330 of the Statutes of 1982, offset by any increase in those
27 contributions, as of the 1983–84 fiscal year, resulting from
28 subsequent changes in employer contribution rates.

29 (g) The reduction required by subdivision (f) shall be calculated
30 as follows:

31 (1) Determine the amount of employer contributions that would
32 have been made in the 1983–84 fiscal year if the applicable Public
33 Employees’ Retirement System employer contribution rate in effect
34 immediately before the enactment of Chapter 330 of the Statutes
35 of 1982 was in effect during the 1983–84 fiscal year.

36 (2) Subtract from the amount determined in paragraph (1) the
37 greater of subparagraph (A) or (B):

38 (A) The amount of employer contributions that would have been
39 made in the 1983–84 fiscal year if the applicable Public
40 Employees’ Retirement System employer contribution rate in effect

1 immediately after the enactment of Chapter 330 of the Statutes of
2 1982 was in effect during the 1983–84 fiscal year.

3 (B) The actual amount of employer contributions made to the
4 Public Employees’ Retirement System in the 1983–84 fiscal year.

5 (3) For purposes of this subdivision, employer contributions to
6 the Public Employees’ Retirement System for either of the
7 following shall be excluded from the calculation specified above:

8 (A) Positions supported totally by federal funds that were subject
9 to supplanting restrictions.

10 (B) Positions supported, to the extent of employer contributions
11 not exceeding twenty-five thousand dollars (\$25,000) by a single
12 educational agency, from a revenue source determined on the basis
13 of equity to be properly excludable from the provisions of this
14 subdivision by the Superintendent with the approval of the Director
15 of Finance.

16 (4) For accounting purposes, the reduction made by this
17 subdivision may be reflected as an expenditure from appropriate
18 sources of revenue as directed by the Superintendent.

19 (h) The Superintendent shall apportion to each school district
20 the amount determined in this section less the sum of:

21 (1) The district’s property tax revenue received pursuant to
22 Chapter 3.5 (commencing with Section 75) and Chapter 6
23 (commencing with Section 95) of Part 0.5 of Division 1 of the
24 Revenue and Taxation Code.

25 (2) The amount, if any, received pursuant to Part 18.5
26 (commencing with Section 38101) of Division 2 of the Revenue
27 and Taxation Code.

28 (3) The amount, if any, received pursuant to Chapter 3
29 (commencing with Section 16140) of Part 1 of Division 4 of Title
30 2 of the Government Code.

31 (4) Prior years’ taxes and taxes on the unsecured roll.

32 (5) Fifty percent of the amount received pursuant to Section
33 41603.

34 (6) (A) The amount, if any, received pursuant to the Community
35 Redevelopment Law (Part 1 (commencing with Section 33000)
36 of Division 24 of the Health and Safety Code), except for any
37 amount received pursuant to Section 33401 or 33676 of the Health
38 and Safety Code that is used for land acquisition, facility
39 construction, reconstruction, or remodeling, or deferred
40 maintenance, except for any amount received pursuant to Section

1 33492.15 of, paragraph (4) of subdivision (a) of Section 33607.5
2 of, or Section 33607.7 of, the Health and Safety Code that is
3 allocated exclusively for educational facilities.

4 (B) The amount, if any, received pursuant to Sections 34177,
5 34179.5, 34179.6, and 34188 of the Health and Safety Code.

6 (C) The amount, if any, received pursuant to subparagraph (B)
7 of paragraph (3) of subdivision (e) of Section 36 of Article XIII
8 of the California Constitution.

9 (7) For a unified school district, other than a unified school
10 district that has converted all of its schools to charter status
11 pursuant to Section 47606, the amount of statewide average
12 general-purpose funding per unit of average daily attendance
13 received by school districts for each of four grade level ranges, as
14 computed by the department pursuant to Section 47633, multiplied
15 by the average daily attendance, in corresponding grade level
16 ranges, of any pupils who attend charter schools funded pursuant
17 to Chapter 6 (commencing with Section 47630) of Part 26.8 of
18 Division 4 for which the school district is the sponsoring local
19 educational agency, as defined in Section 47632, and who reside
20 in and would otherwise have been eligible to attend a noncharter
21 school of the school district.

22 (i) A transfer of pupils of grades 7 and 8 between an elementary
23 school district and a high school district shall not result in the
24 receiving school district receiving a revenue limit apportionment
25 for those pupils that exceeds 105 percent of the statewide average
26 revenue limit for the type and size of the receiving school district.

27 (j) *This section shall become inoperative on July 1, 2014, and,
28 as of January 1, 2015, is repealed, unless a later enacted statute,
29 that becomes operative on or before January 1, 2015, deletes or
30 extends the dates on which it becomes inoperative and is repealed.*

31 *SEC. 26. Section 42238.01 is added to the Education Code, to
32 read:*

33 *42238.01. It is the intent of the Legislature to do all of the
34 following:*

35 (a) *Phase in implementation of the local control funding
36 formula, as specified in AB 88 of the 2013–14 Regular Session,
37 as amended April 3, 2013, in a manner and on a timeline that
38 allows the state to restore local educational agency funding levels
39 to those that existed before state budget cuts that were imposed
40 starting in the 2008–09 fiscal year.*

1 (b) Redirect the dollar amounts that have been proposed for
2 concentration grants to instead increase both base grants and
3 supplemental grants, in proportions to be determined.

4 (c) Require that the adjustment for grades 9 to 12, inclusive, as
5 described in paragraph (4) of subdivision (d) of Section 42238.02
6 be spent on programs that prepare pupils for college and career.
7 It is further the intent of the Legislature to consider other incentives
8 for schools to continue successful career preparation programs,
9 including the possible maintenance of existing categorical and
10 competitive grant programs.

11 (d) Require that funds allocated based on the current
12 home-to-school transportation formula be spent on home-to-school
13 transportation. It is further the intent of the Legislature, as
14 increased funding allows, to adjust those allocations across school
15 districts until all school districts are funded equitably, at a
16 percentage of allowable costs to be determined.

17 (e) Consider remedies for other funding allocations that are
18 distributed according to inequitable, historically-based formulas.

19 (f) Provide some level of supplemental support for English
20 learner pupils beyond the five-year limit proposed in paragraph
21 (2) of subdivision (b) of Section 42238.02. It is further the intent
22 of the Legislature to ensure greater transparency in the provision
23 of instruction and services for English learner pupils, such that
24 strong local- and state-level oversight and accountability are
25 supported.

26 (g) This section shall become operative on July 1, 2014.

27 SEC. 27. Section 42238.02 is added to the Education Code, to
28 read:

29 42238.02. (a) The amount computed pursuant to this section
30 shall be known as the school district and charter school local
31 control funding formula.

32 (b) (1) For purposes of this section “unduplicated pupil” means
33 a pupil enrolled in a school district or a charter school who is
34 either classified as an English learner pursuant to Section 52164,
35 as that section read on January 1, 2014, eligible to receive a free
36 or reduced-price meal pursuant to Section 49552, as that section
37 read on January 1, 2014, or is a foster youth pursuant to Sections
38 300 and 601 of the Welfare and Institutions Code. A pupil shall
39 be counted only once for purposes of this section if any of the
40 following apply:

- 1 (A) *The pupil is classified as an English learner and is eligible*
2 *for a free or reduced-price meal.*
- 3 (B) *The pupil is classified as an English learner and is a foster*
4 *youth.*
- 5 (C) *The pupil is classified as a foster youth and is eligible for*
6 *a free or reduced-price meal.*
- 7 (D) *The pupil is classified as an English learner, is eligible for*
8 *a free or reduced-price meal, and is a foster youth.*
- 9 (2) *For purposes of this section, a pupil shall not be classified*
10 *as an English learner for more than five school years in total.*
- 11 (3) *Commencing with the 2014–15 fiscal year, a school district*
12 *or charter school shall annually report its enrolled unduplicated*
13 *pupil, free and reduced-price meal eligibility, foster youth, and*
14 *English learner pupil counts to the Superintendent.*
- 15 (4) *Commencing with the 2014–15 fiscal year, a county office*
16 *of education shall review and validate reported English learner,*
17 *foster youth, and free or reduced-price meal eligible pupil data*
18 *for school districts and charter schools under their jurisdiction to*
19 *ensure the data is reported accurately.*
- 20 (5) *The counts of unduplicated pupils shall be derived by the*
21 *Superintendent using the California Longitudinal Pupil*
22 *Achievement Data System.*
- 23 (6) *The Superintendent shall calculate the percentage of*
24 *unduplicated pupils for each school district and charter school by*
25 *dividing the enrollment of unduplicated pupils in a school district*
26 *or charter school by the total enrollment in that school district or*
27 *charter school.*
- 28 (c) *Commencing with the 2014–15 fiscal year and each fiscal*
29 *year thereafter, the Superintendent shall annually calculate a local*
30 *control funding formula grant for each school district and charter*
31 *school in the state pursuant to this section.*
- 32 (d) *The Superintendent shall compute a grade span adjusted*
33 *base grant equal to the total of the following amounts:*
- 34 (1) *For the 2014–15 fiscal year, a base grant of:*
- 35 (A) *_____ dollars (\$_____) for average daily attendance in grades*
36 *9 to 12, inclusive.*
- 37 (B) *_____ dollars (\$_____) for average daily attendance in grades*
38 *7 and 8.*
- 39 (C) *_____ dollars (\$_____) for average daily attendance in grades*
40 *4 to 6, inclusive.*

1 (D) _____ dollars (\$_____) for average daily attendance in
2 kindergarten and grades 1 to 3, inclusive.

3 (2) In each year the grade span adjusted base grants in
4 paragraph (1) shall be adjusted by the percentage change in the
5 annual average value of the Implicit Price Deflator for State and
6 Local Government Purchases of Goods and Services for the United
7 States, as published by the United States Department of Commerce
8 for the 12-month period ending in the third quarter of the prior
9 fiscal year. This percentage change shall be determined using the
10 latest data available as of May 10 of the preceding fiscal year
11 compared with the annual average value of the same deflator for
12 the 12-month period ending in the third quarter of the second
13 preceding fiscal year, using the latest data available as of May 10
14 of the preceding fiscal year, as reported by the Department of
15 Finance.

16 (3) (A) The Superintendent shall compute an additional
17 adjustment to the kindergarten and grades 1 to 3, inclusive, base
18 grant as adjusted for inflation pursuant to paragraph (2) equal to
19 11.23 percent. The additional grant shall be calculated by
20 multiplying the kindergarten and grades 1 to 3, inclusive, base
21 grant as adjusted by paragraph (2) by 11.23 percent.

22 (B) Until paragraph (4) of subdivision (b) of Section 42238.03
23 is effective, as a condition of the receipt of funds in this paragraph,
24 a school district shall make progress toward maintaining an annual
25 average class size of not more than 24 pupils for each classroom
26 per school site in kindergarten and grades 1 to 3, inclusive, unless
27 a collectively bargained alternative annual average class size for
28 each classroom per school site in those grades is agreed to by the
29 school district, pursuant to the following calculation:

30 (i) Determine a school district's annual average class size for
31 each classroom per school site for kindergarten and grades 1 to
32 3, inclusive, in the prior year. For the 2014–15 fiscal year, this
33 amount shall be the annual average class size for each classroom
34 per school site for kindergarten and grades 1 to 3, inclusive, in
35 the 2013–14 fiscal year.

36 (ii) Determine a school district's percentage of total need
37 pursuant to paragraph (2) of subdivision (b) of Section 42238.03.

38 (iii) Determine the percentage of the need calculated in clause
39 (ii) that is met by funding provided to the school district pursuant
40 to paragraph (3) of subdivision (b) of Section 42238.03.

1 (iv) Determine the difference between the amount computed
2 pursuant to clause (i) and an annual average class size of not more
3 than 24 pupils for each classroom per school site.

4 (v) Calculate a current year annual average class size
5 adjustment for each classroom per school site for kindergarten
6 and grades 1 to 3, inclusive, equal to the adjustment calculated in
7 clause (iv) multiplied by one minus the percentage determined
8 pursuant to clause (iii).

9 (C) School districts that have an annual average class size for
10 each classroom per school site for kindergarten and grades 1 to
11 3, inclusive, of 24 pupils or less for each classroom per school site
12 in the 2013–14 fiscal year, shall be exempt from the requirements
13 of subparagraph (B) so long as the school district continues to
14 maintain an annual average class size for each classroom per
15 school site for kindergarten and grades 1 to 3, inclusive, of not
16 more than 24 pupils in each classroom, unless a collectively
17 bargained alternative ratio is agreed to by the school district.

18 (D) Upon full implementation of the local control funding
19 formula, as a condition of the receipt of funds in this paragraph,
20 all school districts shall maintain an annual average class size for
21 each classroom per school site for kindergarten and grades 1 to
22 3, inclusive, of not more than 24 pupils for each classroom per
23 school site in kindergarten and grades 1 to 3, inclusive, unless a
24 collectively bargained alternative ratio is agreed to by the school
25 district.

26 (E) The annual average class size requirement for each
27 classroom per school site for kindergarten and grades 1 to 3,
28 inclusive, established pursuant to this paragraph shall not be
29 subject to waiver by the state board pursuant to Section 33050 or
30 by the Superintendent.

31 (4) The Superintendent shall compute an additional adjustment
32 to the base grant for grades 9 to 12, inclusive, as adjusted for
33 inflation pursuant to paragraph (2), equal to 2.8 percent. The
34 additional grant shall be calculated by multiplying the base grant
35 for grades 9 to 12, inclusive, as adjusted by paragraph (2), by 2.8
36 percent.

37 (e) The Superintendent shall compute a supplemental grant
38 add-on equal to 35 percent of the base grants as specified in
39 subparagraphs (A) to (D), inclusive, of paragraph (1) of
40 subdivision (d), as adjusted by paragraph (2) of subdivision (d),

1 for each school district or charter school percentage of
2 unduplicated pupils. The supplemental grant shall be calculated
3 by multiplying the base grants as specified in subparagraphs (A)
4 to (D), inclusive, of paragraph (1), as adjusted by paragraph (2)
5 of subdivision (d), by 35 percent and by the percentage of
6 unduplicated pupils in that school district or charter school.

7 (f) The Superintendent shall compute an add-on to the total sum
8 of a school district's or charter school's base and supplemental
9 grants equal to the amount of funding a school district or charter
10 school received from funds allocated pursuant to the Targeted
11 Instructional Improvement Block Grant program, as set forth in
12 Article 6 (commencing with Section 41540) of Chapter 3.2, for the
13 2013–14 fiscal year, as that article read on January 1, 2014. A
14 school district or charter school shall not receive a total funding
15 amount from this add-on greater than the total amount of funding
16 received by the school district or charter school from that program
17 in the 2013–14 fiscal year.

18 (g) The Superintendent shall compute an add-on to the total
19 sum of a school district's or charter school's base and
20 supplemental grants equal to the amount of funding a school
21 district or charter school received from funds allocated pursuant
22 to the Home-to-School Transportation program, as set forth in
23 former Article 2 (commencing with Section 39820) of Chapter 1
24 of Part 23.5 and former Article 10 (commencing with Section
25 41850) of Chapter 5, for the 2013–14 fiscal year. A school district
26 or charter school shall not receive a total funding amount from
27 this add-on greater than the total amount received by the school
28 district or charter school for that program in the 2013–14 fiscal
29 year.

30 (h) The sum of the local control funding formula rates computed
31 pursuant to subdivisions (c) to (e), inclusive, shall be multiplied
32 by:

33 (1) For school districts, the average daily attendance of the
34 school district in the corresponding grade level ranges computed
35 pursuant to Section 42238.05.

36 (2) For charter schools, the total current year average daily
37 attendance in the corresponding grade level ranges.

38 (i) Notwithstanding any other law, the Superintendent shall
39 adjust the sum of each school district's or charter school's amount
40 determined in subdivisions (f) to (h), inclusive, pursuant to the

1 calculation specified in Section 42238.03, less the sum of the
2 following:

3 (1) (A) For school districts, the property tax revenue received
4 pursuant to Chapter 3.5 (commencing with Section 75) and Chapter
5 6 (commencing with Section 95) of Part 0.5 of Division 1 of the
6 Revenue and Taxation Code.

7 (B) For charter schools, the in-lieu property tax amount
8 provided to a charter school pursuant to Section 47635.

9 (2) The amount, if any, received pursuant to Part 18.5
10 (commencing with Section 38101) of Division 2 of the Revenue
11 and Taxation Code.

12 (3) The amount, if any, received pursuant to Chapter 3
13 (commencing with Section 16140) of Part 1 of Division 4 of Title
14 2 of the Government Code.

15 (4) Prior years' taxes and taxes on the unsecured roll.

16 (5) Fifty percent of the amount received pursuant to Section
17 41603.

18 (6) The amount, if any, received pursuant to the Community
19 Redevelopment Law (Part 1 (commencing with Section 33000) of
20 Division 24 of the Health and Safety Code), less any amount
21 received pursuant to Section 33401 or 33676 of the Health and
22 Safety Code that is used for land acquisition, facility construction,
23 reconstruction, or remodeling, or deferred maintenance and that
24 is not an amount received pursuant to Section 33492.15, or
25 paragraph (4) of subdivision (a) of Section 33607.5, or Section
26 33607.7 of the Health and Safety Code that is allocated exclusively
27 for educational facilities.

28 (7) The amount, if any, received pursuant to Sections 34183
29 and 34188 of the Health and Safety Code.

30 (8) (A) Revenue received pursuant to subparagraph (B) of
31 paragraph (3) of subdivision (e) of Section 36 of Article XIII of
32 the California Constitution.

33 (B) Subparagraph (A) shall only offset entitlements provided
34 for the purpose of paragraph (1) of subdivision (a) of Section
35 42238.03 as continued in subsequent years by paragraph (3) of
36 subdivision (a) of Section 42238.03.

37 (j) A school district shall annually transfer to each of its charter
38 schools funding in lieu of property taxes pursuant to Section 47635.

1 (k) (1) *The funds apportioned pursuant to this section and*
2 *Section 42238.03, shall be available to a school district or charter*
3 *school for any locally determined educational purpose.*

4 (2) *School districts and charter schools that receive*
5 *supplemental grants pursuant to this section shall use those funds*
6 *for any locally determined educational purpose so long as it*
7 *substantially benefits the unduplicated pupils that generated those*
8 *funds as provided for in a school district's or charter school's*
9 *local control and accountability plan.*

10 (l) *Nothing in this section shall be interpreted to authorize a*
11 *school district that receives funding on behalf of a charter school*
12 *pursuant to Section 47651 to redirect this funding for another*
13 *purpose unless otherwise authorized in law or pursuant to an*
14 *agreement between a charter school and its chartering authority.*

15 (m) *Any calculations in law that are used for purposes of*
16 *determining if a local educational agency is an excess tax school*
17 *entity or basic aid school district, including, but not limited to,*
18 *this section and Sections 42238.03, 41544, 47660, 47632, 47663,*
19 *48310, and 48359.5, and Section 95 of the Revenue and Taxation*
20 *Code, shall be made exclusive of the revenue received pursuant*
21 *to subparagraph (B) of paragraph (3) of subdivision (e) of Section*
22 *36 of Article XIII of the California Constitution.*

23 (n) *A school district that does not receive an apportionment of*
24 *state funds pursuant to this section as implemented pursuant to*
25 *Section 42238.03, excluding funds apportioned due to the*
26 *requirements of subdivision (d) of Section 42238.03 shall be*
27 *considered a "basic aid school district" or an "excess tax entity."*

28 (o) *This section shall become operative on July 1, 2014.*

29 SEC. 28. *Section 42238.03 is added to the Education Code, to*
30 *read:*

31 42238.03. *Commencing with the 2014–15 fiscal year and each*
32 *fiscal year thereafter, the Superintendent shall allocate the*
33 *appropriations in Section 14002 to each charter school and school*
34 *district according to the following formula:*

35 (a) *Calculate the prior year amount of funding for each school*
36 *district and charter school, as follows:*

37 (1) *For the 2014–15 fiscal year, the prior year funding level*
38 *shall be the total of all of the following:*

39 (A) *Entitlements for revenue limits in the 2013–14 fiscal year*
40 *pursuant to Article 2 (commencing with Section 42238) and Article*

1 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 of
 2 Division 4, as those articles read on June 30, 2014.

3 (B) Notwithstanding subparagraph (A), entitlements for revenue
 4 limits for fiscal years before June 30, 2014, shall be annually
 5 adjusted, as necessary, for average daily attendance and revenue
 6 offsets, as specified in paragraphs (1) to (7), inclusive, of
 7 subdivision (h) of Section 42238, as that section read on June 30,
 8 2014, and the in-lieu property tax amount provided to a charter
 9 school pursuant to Section 47635, as that section read on June
 10 30, 2014.

11 (2) (A) Entitlements from items contained in Section 2.00, as
 12 adjusted pursuant to Section 12.42, of the Budget Act of 2013 for
 13 Items 6110-104-0001, 6110-105-0001, 6110-108-0001,
 14 6110-111-0001, 6110-119-0001, 6110-122-0001, 6110-124-0001,
 15 6110-128-0001, 6110-137-0001, 6110-144-0001, 6110-156-0001,
 16 6110-158-0001, 6110-166-0001, 6110-167-0001, 6110-181-0001,
 17 6110-188-0001, 6110-189-0001, 6110-190-0001, 6110-193-0001,
 18 6110-195-0001, 6110-198-0001, 6110-204-0001, 6110-208-0001,
 19 6110-209-0001, 6110-211-0001, 6110-212-0001, 6110-227-0001,
 20 6110-228-0001, 6110-232-0001, 6110-240-0001, 6110-242-0001,
 21 6110-243-0001, 6110-244-0001, 6110-245-0001, 6110-246-0001,
 22 6110-247-0001, 6110-248-0001, 6110-260-0001, 6110-265-0001,
 23 6110-267-0001, 6110-268-0001, 6360-101-0001, and 2013–14
 24 fiscal year funding for the Class Size Reduction Program pursuant
 25 to Chapter 6.10 (commencing with Section 52120) of Part 28 of
 26 Division 4, as it read on January 1, 2014.

27 (B) Entitlements pursuant to Section 47634.1, as that section
 28 read on January 1, 2014, shall be adjusted for growth in average
 29 daily attendance.

30 (3) For the 2015–16 fiscal year and each fiscal year thereafter,
 31 the prior year amount shall be the amount each school district or
 32 charter school received in the prior year pursuant to this section.

33 (b) Calculate an adjustment to the amount in subdivision (a) as
 34 follows:

35 (1) Subtract the amount in subdivision (a) from the amount
 36 computed for each school district or charter school under the local
 37 control funding formula entitlements in subdivision (i) of Section
 38 42238.02. School districts and charter schools with a negative
 39 difference shall be deemed to have a zero difference.

1 (2) Each school district's and charter school's total need as
2 calculated pursuant to paragraph (1) shall be divided by the sum
3 of all school districts' and charter schools' total need to determine
4 the school district's or charter school's respective proportions of
5 total need.

6 (3) Each school district's and charter school's proportion of
7 total need shall be multiplied by any available appropriations for
8 this purpose, and added to the school district's or charter school's
9 funding amounts as calculated pursuant to subdivision (a).

10 (4) If the total amount of funds available for allocation pursuant
11 to this subdivision are sufficient to fully fund the amounts computed
12 pursuant to paragraph (1), the local control funding formula grant
13 computed pursuant to subdivision (c) of Section 42238.02 shall
14 be adjusted such that any available appropriations for this purpose
15 in that fiscal year are expended pursuant to the local control
16 funding formula.

17 (c) Upon a determination that a school district or charter school
18 equals or exceeds the local control funding formula target
19 computed pursuant to subdivision (i) of Section 42238.02, as
20 determined by the calculation of a zero difference pursuant to
21 paragraph (1) of subdivision (b) of this section, this section shall
22 not apply and the school district or charter school shall receive
23 an allocation equal to the amount calculated under Section
24 42238.02 in that fiscal year and future fiscal years.

25 (d) Notwithstanding subdivisions (b) and (c), commencing with
26 the 2014–15 fiscal year, a school district or charter school shall
27 receive state-aid funding pursuant to paragraph (3) of subdivision
28 (b) of no less than the funding the school district or charter school
29 received from programs in paragraphs (1) and (2) of subdivision
30 (a).

31 (e) (1) For purposes of this section, commencing with the
32 2014–15 fiscal year and until all school districts and charter
33 schools equal or exceed their local control funding formula target
34 computed pursuant to Section 42238.02 as determined by the
35 calculation of a zero difference pursuant to paragraph (1) of
36 subdivision (b), a newly operational charter school shall be
37 determined to have a prior year per average daily attendance
38 funding amount equal to the lesser of:

39 (A) The prior year funding amount per average daily attendance
40 for the school district in which the charter school is physically

1 located. The Superintendent shall calculate the per average daily
2 attendance amount for this purpose by dividing the total local
3 control funding formula entitlement received by that school district
4 in the prior year by prior year average daily attendance of that
5 school district. For purposes of this paragraph, a charter school
6 that is physically located in more than one school district, shall
7 use the calculated per average daily attendance local control
8 funding entitlement of the school district with the highest prior
9 year per average daily attendance funding amount.

10 (B) The charter school's local control funding formula rate
11 computed pursuant to subdivisions (c) to (h), inclusive, of Section
12 42238.02.

13 (2) For charter schools funded pursuant to paragraph (1), the
14 charter school shall be eligible to receive growth funding pursuant
15 to subdivision (b) toward meeting the newly operational charter
16 school's local control funding formula target.

17 (3) Upon a determination that all school districts or charter
18 schools equal or exceed the local control funding formula target
19 computed pursuant to Section 42238.02 as determined by the
20 calculation of a zero difference pursuant to paragraph (1) of
21 subdivision (b) for all school districts and charter schools, this
22 subdivision shall not apply and the charter school shall receive
23 an allocation equal to the amount calculated under Section
24 42238.02 in that fiscal year and future fiscal years.

25 (f) This section shall become operative on July 1, 2014.

26 SEC. 29. Section 42238.04 is added to the Education Code, to
27 read:

28 42238.04. (a) Notwithstanding any other law, revenue limit
29 funding for school districts and charter school block grant funding
30 for charter schools for the 2013–14 fiscal year and prior fiscal
31 years shall continue to be adjusted pursuant to Article 2
32 (commencing with Section 42238), and Article 2 (commencing
33 with Section 47633) of Chapter 6 of Part 26.8 of Division 4, as
34 those articles read on June 30, 2014.

35 (b) This section shall become operative on July 1, 2014.

36 SEC. 30. Section 42238.05 is added to the Education Code, to
37 read:

38 42238.05. (a) For purposes of Sections 42238.02 and
39 42238.03, the fiscal year average daily attendance shall be
40 computed pursuant to paragraphs (1) or (2).

1 (1) *The second principal apportionment regular average daily*
2 *attendance for either the current or prior fiscal year, whichever*
3 *is greater. However, prior fiscal year average daily attendance*
4 *shall be adjusted for any loss or gain of average daily attendance*
5 *due to a reorganization or transfer of territory.*

6 (2) *A school district that elects to receive funding pursuant to*
7 *Article 4 (commencing with Section 42280) shall compute its units*
8 *of average daily attendance for purposes of Section 42238.02 by*
9 *subtracting the amount determined in subparagraph (B) from the*
10 *amount determined in subparagraph (A).*

11 (A) *The units of average daily attendance computed pursuant*
12 *to paragraph (1).*

13 (B) *The units of average daily attendance resulting from pupils*
14 *attending schools funded pursuant to Article 4 (commencing with*
15 *Section 42280).*

16 (b) *For purposes of this article, regular average daily*
17 *attendance shall be the base grant average daily attendance.*

18 (c) *For purposes of this section, the Superintendent shall*
19 *distribute total ungraded enrollment and average daily attendance*
20 *among kindergarten and each of grades 1 to 12, inclusive, in*
21 *proportion to the amounts of graded enrollment and average daily*
22 *attendance, respectively, in each of these grades.*

23 (d) *For purposes of this section, the Superintendent shall*
24 *distribute average daily attendance generated by the difference*
25 *between prior year average daily attendance and current year*
26 *average daily attendance, if positive, among kindergarten and*
27 *each of grades 1 to 12, inclusive, in proportion to the amounts of*
28 *graded average daily attendance, respectively, in each of these*
29 *grades.*

30 (e) *This section shall only apply to average daily attendance*
31 *generated by school districts and shall not apply average daily*
32 *attendance generated by charter schools.*

33 (f) *A pupil shall not be counted more than once for purposes of*
34 *calculating average daily attendance pursuant to this section.*

35 (g) *This section shall become operative on July 1, 2014.*

36 SEC. 31. *Section 42238.051 is added to the Education Code,*
37 *to read:*

38 42238.051. (a) *For purposes of paragraph (1) of subdivision*
39 *(a) of Section 42238.05, a sponsoring school district's average*
40 *daily attendance shall be computed as follows:*

1 (1) Compute the sponsoring school district's regular average
2 daily attendance in the current year, excluding the attendance of
3 pupils in charter schools.

4 (2) (A) Compute the regular average daily attendance used to
5 calculate the second principal apportionment of the school district
6 for the prior year, excluding the attendance of pupils in charter
7 schools.

8 (B) Compute the attendance of pupils who attended one or more
9 noncharter schools of the school district between July 1, and the
10 last day of the second period, inclusive, in the prior year, and who
11 attended a charter school sponsored by the school district between
12 July 1, and the last day of the second period, inclusive, in the
13 current year. For purposes of this subparagraph, a pupil enrolled
14 in a grade at a charter school sponsored by the school district
15 shall not be counted if the school district does not offer classes for
16 pupils enrolled in that grade. The amount of the attendance counted
17 for any pupil for the purpose of this subparagraph may not be
18 greater than the attendance claimed for that pupil by the charter
19 school in the current year.

20 (C) Compute the attendance of pupils who attended a charter
21 school sponsored by the school district in the prior year and who
22 attended one or more noncharter schools of the school district in
23 the current year. The amount of the attendance counted for any
24 pupil for the purpose of this subparagraph may not be greater
25 than the attendance claimed for that pupil by the school district
26 in the current year.

27 (D) From the amount determined pursuant to subparagraph
28 (B), subtract the amount determined pursuant to subparagraph
29 (C). If the result is less than zero, the amount shall be deemed to
30 be zero.

31 (E) The prior year average daily attendance determined
32 pursuant to subparagraph (A) shall be reduced by the amount
33 determined pursuant to subparagraph (D).

34 (3) To the greater of the amounts computed pursuant to
35 paragraphs (1) and (2), add the regular average daily attendance
36 in the current year of all pupils attending charter schools
37 sponsored by the school district that are not funded through the
38 charter schools local control funding formula allocation pursuant
39 to Section 42238.02, as implemented by Section 42238.03.

1 (b) For purposes of this section, a “sponsoring school district”
2 shall mean a “sponsoring local educational agency,” as defined
3 in Section 47632, as that section read on January 1, 2014.

4 (c) This section shall become operative on July 1, 2014.

5 SEC. 32. Section 42238.052 is added to the Education Code,
6 to read:

7 42238.052. (a) Notwithstanding any other law, the prior year
8 average daily attendance for a school district determined pursuant
9 to subdivision (a) of Section 42238.051 shall be increased by the
10 prior year second principal apportionment average daily
11 attendance of a school district only for a school that meets the
12 following description:

13 (1) The school was a district noncharter school in any year
14 before the prior year.

15 (2) The school was operated as a district-approved charter
16 school in the prior year.

17 (3) The school is again operated as a district noncharter school
18 in the current year.

19 (b) An adjustment to prior year average daily attendance
20 pursuant to this section may not be made for the attendance of
21 pupils who were not residents of the school district in the prior
22 year.

23 (c) This section shall become operative on July 1, 2014.

24 SEC. 33. Section 42238.053 is added to the Education Code,
25 to read:

26 42238.053. (a) The fiscal year average daily attendance
27 computed under Section 42238.05 shall be increased, for each
28 school district that operates a school that meets the eligibility
29 requirements set forth in subdivision (b), by the number of days
30 of attendance of pupils enrolled in eligible schools in the school
31 district who are currently migratory children, as defined by Section
32 54441, and who are residing in state-operated migrant housing
33 projects between the second principal apportionment and the end
34 of the regular school year, divided by the number of days school
35 was actually taught in the regular day schools of the district,
36 excluding Saturdays and Sundays.

37 (b) For a school district to be eligible for purposes of this
38 section, the following conditions shall apply:

39 (1) One or more state-operated migrant housing projects are
40 located within the attendance area of the school.

1 (2) *The maximum number of pupils enrolled in the school in the*
 2 *relevant fiscal year who are currently migratory children, as*
 3 *calculated under subdivision (a), constitutes not less than one-third*
 4 *of the total pupil enrollment of the school.*

5 (c) *The Superintendent shall establish rules and regulations for*
 6 *the implementation of this section.*

7 (d) *This section shall become operative on July 1, 2014.*

8 SEC. 34. *Section 42238.06 is added to the Education Code, to*
 9 *read:*

10 42238.06. (a) *Commencing on July 1, 2014, except where*
 11 *context requires otherwise, all of the following shall apply:*

12 (1) *References to “revenue limit” shall instead refer to the*
 13 *“local control funding formula.”*

14 (2) *References to “the revenue limit calculated pursuant to*
 15 *Section 42238” shall instead refer to “the local control funding*
 16 *formula calculated pursuant to Section 42238.02, as implemented*
 17 *by Section 42238.03.”*

18 (3) *References to “Section 42238” shall instead refer to*
 19 *“Section 42238.02, as implemented pursuant to Section 42238.03.”*

20 (4) *References to “Section 42238.1” shall instead refer to*
 21 *“Section 42238.02.”*

22 (5) *References to “Section 42238.5” shall instead refer to*
 23 *“Section 42238.05.”*

24 (6) *References to “general-purpose entitlement” shall instead*
 25 *refer to “local control funding formula grant funding pursuant to*
 26 *Section 42238.02, as implemented by Section 42238.03.”*

27 (b) *This section shall become operative on July 1, 2014.*

28 SEC. 35. *Section 42238.1 of the Education Code is amended*
 29 *to read:*

30 42238.1. (a) *For the 1986–87 fiscal year and each fiscal year*
 31 *up to and including the 1998–99 fiscal year, the Superintendent*
 32 *of Public Instruction shall compute an inflation adjustment equal*
 33 *to the product of paragraphs (1) and (2):*

34 (1) *Compute the sum of the following:*

35 (A) *The statewide average base revenue limit per unit of average*
 36 *daily attendance for the prior fiscal year for districts of similar*
 37 *type.*

38 (B) *The amount, if any, per unit of average daily attendance*
 39 *received by the district pursuant to Article 8 (commencing with*
 40 *Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.*

1 (2) The percentage change in the annual average value of the
2 Implicit Price Deflator for State and Local Government Purchases
3 of Goods and Services for the United States, as published by the
4 United States Department of Commerce for the 12-month period
5 ending in the third quarter of the prior fiscal year. This percentage
6 change shall be determined using the latest data available as of
7 May 1 of the preceding fiscal year compared with the annual
8 average value of the same deflator for the 12-month period ending
9 in the third quarter of the second preceding fiscal year, using the
10 latest data available as of May 1 of the second preceding fiscal
11 year, as reported by the Department of Finance.

12 (b) For the 1999–2000 fiscal year and each fiscal year thereafter,
13 the Superintendent of Public Instruction shall compute an inflation
14 adjustment equal to the product of paragraphs (1) and (2):

15 (1) Compute the sum of the following:

16 (A) The statewide average base revenue limit per unit of average
17 daily attendance for the prior fiscal year for districts of similar
18 type.

19 (B) The amount, if any, per unit of average daily attendance
20 received by the district pursuant to Article 8 (commencing with
21 Section 46200) of Chapter 2 of Part 26 for the prior fiscal year.

22 (2) The percentage change in the annual average value of the
23 Implicit Price Deflator for State and Local Government Purchases
24 of Goods and Services for the United States, as published by the
25 United States Department of Commerce for the 12-month period
26 ending in the third quarter of the prior fiscal year. This percentage
27 change shall be determined using the latest data available as of
28 May 10 of the preceding fiscal year compared with the annual
29 average value of the same deflator for the 12-month period ending
30 in the third quarter of the second preceding fiscal year, using the
31 latest data available as of May 10 of the preceding fiscal year, as
32 report by the Department of Finance.

33 (c) This section shall become operative July 1, 1986.

34 (d) *This section shall become inoperative on July 1, 2014, and,*
35 *as of January 1, 2015, is repealed, unless a later enacted statute,*
36 *that becomes operative on or before January 1, 2015, deletes or*
37 *extends the dates on which it becomes inoperative and is repealed.*

38 *SEC. 36. Section 42238.2 of the Education Code is amended*
39 *to read:*

1 42238.2. (a) (1) Notwithstanding Section 42238.5 or any other
2 provision of law, a school district that meets any of the following
3 conditions shall be entitled to an adjustment to its units of average
4 daily attendance pursuant to this section:

5 (A) The school district experiences a decline in the number of
6 units of average daily attendance in excess of 8 percent of its total
7 average daily attendance as a result of the closure of a facility
8 operated by a branch of the United States Armed Forces in the
9 school district's boundaries.

10 (B) The school district experiences a decline in the number of
11 units of average daily attendance that is less than 8 percent but at
12 least 5 percent of its total average daily attendance as a result of
13 the closure of a facility operated by a branch of the United States
14 Armed Forces in that school district's boundaries, upon a finding
15 by both the Superintendent of Public Instruction and the Director
16 of Finance that both of the following conditions exist:

17 (i) The school district demonstrates that at the end of a three-year
18 period the school district will experience a 10-percent reduction
19 in the amount of funding that the school district would otherwise
20 have received from state apportionments, funding received pursuant
21 to the California State Lottery Act of 1984 (Chapter 12.5
22 (commencing with Section 8880) of Division 1 of Title 2 of the
23 Government Code), and funding received pursuant to Title VIII
24 of Public Law 103-382, as a result of the loss of pupils related to
25 the closure of a facility operated by a branch of the United States
26 Armed Forces.

27 (ii) The fiscal crisis and management assistance team established
28 pursuant to Section 42127.8 has reviewed the school district's
29 finances and has found that the school district has taken significant
30 steps to reduce expenditure.

31 (C) The school district experiences a decline in the number of
32 units of average daily attendance in excess of 5 percent of its total
33 average daily attendance and the Director of Finance determines
34 that the school district is likely, within eight years of that decline,
35 to maintain a number of units of average daily attendance that is
36 equivalent to the number of units of average daily attendance
37 maintained by the school district prior to the decline.
38 Notwithstanding subdivision (b), loan repayments shall commence
39 no later than the fourth year after the base year or at a later time,
40 as determined by the Director of Finance.

1 (2) For purposes of this section, the year preceding a decline
2 shall be the base year.

3 (b) In the second year after the base year, the district average
4 daily attendance pursuant to Section 42238.5 may, if the district
5 chooses, be increased by 75 percent of the difference between the
6 base year units of average daily attendance and the units of average
7 daily attendance in the first year of decline. In the third year after
8 the base year, the district average daily attendance pursuant to
9 Section 42238.5 may, if the district chooses, be increased by 50
10 percent of the difference between the base year units of average
11 daily attendance and the units of average daily attendance in the
12 first year of decline. The amount of money represented by these
13 increases shall be considered a loan to the school district. Loan
14 repayments shall commence no later than the fourth year after the
15 base year.

16 (c) (1) The Superintendent of Public Instruction, in consultation
17 with a school district subject to this section, shall determine a
18 schedule for repayment of the total amount loaned pursuant to this
19 section which may not exceed 10 years. Payments shall include
20 interest charged at a rate based on the most current investment rate
21 of the Pooled Money Investment Account in the General Fund as
22 of the date of the disbursement of funds to the school district.

23 (2) Upon written notification by the Superintendent of Public
24 Instruction that the school district has not made one or more of the
25 payments required by the schedule established pursuant to
26 paragraph (1), the Controller shall withhold from Section A of the
27 State School Fund the defaulted payment which shall not exceed
28 the amount of any apportionment entitlement of the district to
29 moneys in Section A of the State School Fund. In that regard, the
30 Controller shall withhold the amount of any payment made under
31 this subdivision, including reimbursement of the Controller's
32 administrative costs as determined under a schedule approved by
33 the California Debt Advisory Commission, from subsequent
34 apportionments to the school district from Section A of the State
35 School Fund.

36 (3) Any apportionments made by the Controller pursuant to
37 paragraph (2) shall be deemed to be an allocation to the school
38 district for purposes of subdivision (b) of Section 8 of Article XVI
39 of the California Constitution, and for purposes of Chapter 2
40 (commencing with Section 41200) of Part 24.

1 (d) In no event shall the adjustment provided by this section
2 cause the apportionment to a school district to exceed the amount
3 that would otherwise be calculated for apportionment to the district
4 pursuant to Sections 42238 and 42238.1.

5 (e) This section does not apply to a school district that
6 experiences a decline in enrollment as a result of a school district
7 reorganization pursuant to Chapter 3 (commencing with Section
8 35500) of Part 21 or any other law.

9 (f) *This section shall become inoperative on July 1, 2014, and,
10 as of January 1, 2015, is repealed, unless a later enacted statute,
11 that becomes operative on or before January 1, 2015, deletes or
12 extends the dates on which it becomes inoperative and is repealed.*

13 *SEC. 37. Section 42238.3 of the Education Code is amended*
14 *to read:*

15 42238.3. (a) For each year during the loan repayment period
16 provided for in Section 42238.2, any district utilizing the
17 adjustment pursuant to Section 42238.2 may adjust its revenue
18 limit computed pursuant to Section 42238 to the statewide average
19 revenue limit per unit of average daily attendance for its size and
20 type of district in proportion to the percentage of the loan that the
21 school district has repaid up to and including the year in which the
22 revenue limit adjustment is made.

23 (b) This section does not apply to a school district that
24 experiences a decline in enrollment as a result of a school district
25 reorganization pursuant to Chapter 3 (commencing with Section
26 35500) of Part 21 or any other law.

27 (c) *This section shall become inoperative on July 1, 2014, and,
28 as of January 1, 2015, is repealed, unless a later enacted statute,
29 that becomes operative on or before January 1, 2015, deletes or
30 extends the dates on which it becomes inoperative and is repealed.*

31 *SEC. 38. Section 42238.4 of the Education Code is amended*
32 *to read:*

33 42238.4. (a) For the 1995–96 fiscal year, the county
34 superintendent of schools shall compute an equalization adjustment
35 for each school district in the county, so that no district's base
36 revenue limit per unit of average daily attendance is less than the
37 prior fiscal year statewide average base revenue limit for the
38 appropriate size and type of district listed in subdivision (b) plus
39 the inflation adjustment specified in Section 42238.1 for the current
40 fiscal year for the appropriate type of district.

1 For purposes of this section, the district base revenue limit and
2 the statewide average base revenue limit shall not include any
3 amounts attributable to Section 45023.4, 46200, or 46201.

4 (b) Subdivision (a) shall apply to the following school districts,
5 which shall be grouped according to size and type as follows:

District	ADA
8 Elementary	less than 101
9 Elementary	more than 100
10 High School	less than 301
11 High School	more than 300
12 Unified	less than 1,501
13 Unified	more than 1,500

14
15 (c) The Superintendent shall compute a revenue limit
16 equalization adjustment for each school district’s base revenue
17 limit per unit of average daily attendance as follows:

18 (1) Add the products of the amount computed for each school
19 district by the county superintendent pursuant to subdivision (a)
20 and the average daily attendance used to calculate the district’s
21 revenue limit for the current fiscal year as adjusted for the deficit
22 factor in Section 42238.145.

23 (2) Divide the amount appropriated for purposes of this section
24 for the current fiscal year by the amount computed pursuant to
25 paragraph (1).

26 (3) Multiply the amount computed for the school district
27 pursuant to subdivision (a) by the amount computed pursuant to
28 paragraph (2).

29 (d) For the purposes of this section, the 1994–95 statewide
30 average base revenue limits determined for the purposes of
31 subdivision (a) and the fraction computed pursuant to paragraph
32 (2) of subdivision (c) by the Superintendent for the 1995–96 second
33 principal apportionment shall be final, and shall not be calculated
34 as subsequent apportionments. In no event shall the fraction
35 computed pursuant to paragraph (2) of subdivision (c) exceed 1.00.
36 For the purposes of determining the size of a district used in
37 subdivision (b), the Superintendent shall use a school district’s
38 revenue limit average daily attendance for the 1994–95 fiscal year
39 determined pursuant to Section 42238.5 and Article 4 (commencing
40 with Section 42280).

1 (e) This section shall only be operative if the Director of Finance
 2 certifies that a settlement agreement in California Teachers
 3 Association v. Gould (Sacramento County Superior Court Case
 4 CV 373415) is effective. No funds shall be disbursed under this
 5 section for this purpose before August 1, 1996, and any
 6 apportionment or allocation of funds appropriated for purposes of
 7 this section shall be accounted for in the 1995–96 fiscal year.

8 (f) Appropriations for the 1995–96 fiscal year as a result of the
 9 implementation of this section shall be deemed “General Fund
 10 revenues appropriated for school districts,” as defined in
 11 subdivision (c) of Section 41202, for the 1995–96 fiscal year and
 12 “total allocations to school districts and community college districts
 13 from General Fund proceeds of taxes appropriated to Article
 14 XIII B,” as defined in subdivision (e) of Section 41202, for that
 15 fiscal year, for purposes of Section 8 of Article XVI of the
 16 California Constitution.

17 (g) *This section shall become inoperative on July 1, 2014, and,*
 18 *as of January 1, 2015, is repealed, unless a later enacted statute,*
 19 *that becomes operative on or before January 1, 2015, deletes or*
 20 *extends the dates on which it becomes inoperative and is repealed.*

21 *SEC. 39. Section 42238.41 of the Education Code is amended*
 22 *to read:*

23 42238.41. (a) For the 1996–97 fiscal year, the county
 24 superintendent of schools, in conjunction with the Superintendent
 25 of Public Instruction, shall compute an equalization adjustment
 26 for each school district in the county, so that no district’s 1995–96
 27 base revenue limit per unit of average daily attendance is less than
 28 the 1995–96 fiscal year statewide average base revenue limit for
 29 the appropriate size and type of district listed in subdivision (b).

30 For purposes of this section, the district base revenue limit and
 31 the statewide average base revenue limit shall not include any
 32 amounts attributable to Section 45023.4, 46200, or 46201.

33 (b) Subdivision (a) shall apply to the following school districts,
 34 which shall be grouped according to size and type as follows:

35

District	ADA
36 Elementary	less than 101
37 Elementary	more than 100
38 High School	less than 301
39 High School	more than 300
40	

1	Unified	less than 1,501
2	Unified	more than 1,500

3
4 (c) The Superintendent of Public Instruction shall compute a
5 revenue limit equalization adjustment for each school district's
6 base revenue limit per unit of average daily attendance as follows:

7 (1) Add the products of the amount computed for each school
8 district by the county superintendent pursuant to subdivision (a)
9 and the average daily attendance used to calculate the district's
10 revenue limit for the current fiscal year as adjusted for the deficit
11 factor in Section 42238.145.

12 (2) Divide the amount appropriated for purposes of this section
13 for the current fiscal year by the amount computed pursuant to
14 paragraph (1).

15 (3) Multiply the amount computed for the school district
16 pursuant to subdivision (a) by the amount computed pursuant to
17 paragraph (2).

18 (d) For the purposes of this section, the 1995–96 statewide
19 average base revenue limits determined for the purposes of
20 subdivision (a) and the fraction computed pursuant to paragraph
21 (2) of subdivision (c) by the Superintendent of Public Instruction
22 for the 1995–96 second principal apportionment shall be final, and
23 shall not be recalculated at subsequent apportionments. In no event
24 shall the fraction computed pursuant to paragraph (2) of subdivision
25 (c) exceed 1.00. For the purposes of determining the size of a
26 district used in subdivision (b), county superintendents of schools,
27 in conjunction with the Superintendent of Public Instruction, shall
28 use a school district's revenue limit average daily attendance for
29 the 1995–96 fiscal year as determined pursuant to Section 42238.5
30 and Article 4 (commencing with Section 42280).

31 (e) *This section shall become inoperative on July 1, 2014, and,*
32 *as of January 1, 2015, is repealed, unless a later enacted statute,*
33 *that becomes operative on or before January 1, 2015, deletes or*
34 *extends the dates on which it becomes inoperative and is repealed.*

35 SEC. 40. Section 42238.42 of the Education Code is amended
36 to read:

37 42238.42. (a) In the event that the amount required to be
38 appropriated for the purpose of the state's minimum funding
39 obligation to school districts and community college districts
40 pursuant to Section 8 of Article XVI of the California Constitution

1 for the 1996–97 fiscal year, as determined in paragraph (1) of
2 subdivision (b), exceeds the amount appropriated for that purpose
3 for the 1996–97 fiscal year, as determined pursuant to paragraph
4 (2) of subdivision (b), the amount computed pursuant to subdivision
5 (d), is hereby appropriated from the General Fund to the
6 Superintendent of Public Instruction for the purposes of equalizing
7 the revenue limits of school districts pursuant to subdivision (e)
8 and Section 42238.43 and for the purpose of reducing the deficit
9 factor applied to the revenue limits of county superintendents of
10 schools pursuant to Section 2558.45 and reducing the deficit factor
11 applied to the revenue limits of the school districts pursuant to
12 Section 42238.145.

13 (b) To determine the amounts available for the purposes of this
14 section, the Department of Finance shall make the following
15 computations:

16 (1) At the first principal apportionment for the 1997–98 fiscal
17 year, compute the level of General Fund revenues that meets the
18 state’s minimum funding obligation to school districts and
19 community college districts pursuant to Section 8 of Article XVI
20 of the California Constitution for the 1996–97 fiscal year based
21 upon the most current determination of data as defined in
22 subdivision (a) of Section 41206 of the Education Code.

23 (2) Subtract from the amount determined in paragraph (1) an
24 amount equal to the total amount of General Fund revenues that
25 have been appropriated for the purpose of meeting the state’s
26 minimum funding obligation for the 1996–97 fiscal year to school
27 districts and community college districts pursuant to Section 8 of
28 Article XVI of the California Constitution as of February 1, 1998.

29 (3) If the amount computed in paragraph (2) is greater than zero,
30 that amount is the total amount available for the purposes of this
31 section.

32 (c) To determine the portion of the amount computed in
33 subdivision (a) to set aside for community college districts pursuant
34 to this section, the Department of Finance shall make the following
35 computations:

36 (1) Add the total General Fund allocations to school districts
37 and community college districts for the purposes of meeting the
38 state’s minimum funding obligation to school districts and
39 community college districts pursuant to Section 8 of Article XVI
40 of the California Constitution for the 1996–97 fiscal year to the

1 total statewide amount of “allocated local proceeds of taxes,” as
2 defined in subdivisions (g) and (h) of Section 41202, allocated to
3 school districts and community college districts for the 1996–97
4 fiscal year.

5 (2) Divide the sum of the General Fund allocations made to
6 community college districts for the purposes of meeting the state’s
7 minimum funding obligation to community college districts
8 pursuant to Section 8 of Article XVI of the California Constitution
9 for the 1996–97 fiscal year and the total statewide amount of
10 “allocated local proceeds of taxes,” as defined in subdivision (h)
11 of Section 41202, allocated to community college districts for the
12 1996–97 fiscal year by the sum computed pursuant to paragraph
13 (1).

14 (3) Multiply the amount computed pursuant to subdivision (b)
15 by the percentage determined in paragraph (2). Community college
16 districts shall be entitled to receive an amount equal to the amount
17 computed pursuant to this paragraph and that amount shall be set
18 aside from the General Fund for appropriation to community
19 college districts by the Legislature.

20 (d) The amount of the appropriation made pursuant to
21 subdivision (a) of this section shall be computed by subtracting
22 the amount computed in paragraph (3) of subdivision (c) from the
23 amount computed pursuant to subdivision (b). The Director of the
24 Department of Finance shall certify to the Controller the amount
25 of the appropriation computed pursuant to this subdivision and
26 under no circumstances shall funds be released by the Controller
27 for purposes of this section before that certification is received by
28 the Controller.

29 (e) The Superintendent of Public Instruction shall allocate 50
30 percent of the amount computed pursuant to subdivision (d) to
31 school districts for the purpose of making equalization adjustments
32 to the base revenue limit of school districts for the 1996–97 fiscal
33 year, as follows:

34 (1) The Superintendent of Public Instruction shall perform the
35 computations set forth in Section 42238.43 for the purpose of
36 equalization adjustments to the base revenue limits of school
37 districts for the 1996–97 fiscal year to determine the amount to
38 allocate to each school district pursuant to this paragraph.

39 (2) The Superintendent of Public Instruction shall repeat the
40 process of computing equalization adjustments to the base revenue

1 limits of school districts for the 1996–97 fiscal year pursuant to
2 Section 42238.43 until the total amount of funds available for that
3 purpose pursuant to this subdivision is allocated to school districts.

4 (3) If the total amount of funds available for allocation pursuant
5 to this subdivision is insufficient to fully fund the amounts
6 computed pursuant to paragraph (1) or the amount computed
7 pursuant to any of the iterations made pursuant to paragraph (2),
8 the allocations computed pursuant to those paragraphs shall be
9 reduced proportionately.

10 (f) The Superintendent of Public Instruction shall allocate 50
11 percent of the amount computed pursuant to subdivision (d) to
12 county superintendents of schools for the purpose of reducing the
13 1996–97 and 1997–98 deficit factors applied to the revenue limits
14 of county superintendent of schools and school districts pursuant
15 to Sections 2558.45 and 42238.145, respectively. The amount of
16 the allocation made to each school district and county
17 superintendent of schools for the purpose of reducing their
18 respective deficit factors shall be computed in proportion to their
19 respective shares of the total statewide amount of the revenue
20 limits after adjustment for deficit factors for school districts and
21 county superintendents of schools.

22 (g) In no event shall this section be construed to require an
23 appropriation that would cause the aggregate amount required to
24 be appropriated from the General Fund for the 1996–97 fiscal year
25 pursuant to Section 8 of Article XVI of the California Constitution
26 to be exceeded.

27 (h) *This section shall become inoperative on July 1, 2014, and,*
28 *as of January 1, 2015, is repealed, unless a later enacted statute,*
29 *that becomes operative on or before January 1, 2015, deletes or*
30 *extends the dates on which it becomes inoperative and is repealed.*

31 *SEC. 41. Section 42238.43 of the Education Code is amended*
32 *to read:*

33 42238.43. (a) (1) For the 1996–97 fiscal year, the county
34 superintendent of schools, in conjunction with the Superintendent
35 of Public Instruction, shall compute an equalization adjustment
36 for each school district in the county, so that no district's base
37 revenue limit per unit of average daily attendance is less than the
38 1996–97 fiscal year statewide average base revenue limit for the
39 appropriate size and type of district listed in subdivision (b).

1 (2) For purposes of this section, the district base revenue limit
2 and the statewide average base revenue limit shall not include any
3 amounts attributable to Section 45023.4, 46200, or 46201.

4 (b) Subdivision (a) shall apply to the following school districts,
5 which shall be grouped according to size and type as follows:

6 District	ADA
7 Elementary	less than 101
8 Elementary	more than 100
9 High School	less than 301
10 High School	more than 300
11 Unified	less than 1,501
12 Unified	more than 1,500

13
14
15 (c) The equalization adjustment computed pursuant to this
16 section shall only be funded from amounts appropriated for that
17 purpose pursuant to Section 42238.42.

18 (d) (1) For the purposes of the computation made pursuant to
19 paragraph (1) of subdivision (e) of Section 42238.42, the 1996–97
20 statewide average base revenue limits determined for the purposes
21 of subdivision (a) and the fraction, if any, computed pursuant to
22 paragraph (3) of subdivision (e) of Section 42238.42 by the
23 Superintendent of Public Instruction for the 1996–97 second
24 principal apportionment shall be final, and shall not be calculated
25 as subsequent apportionments. In no event shall the fraction
26 computed pursuant to paragraph (3) of subdivision (e) of Section
27 42238.42 exceed 1.00. If any iterations are required pursuant to
28 paragraph (2) of Section 42238.42, the Superintendent of Public
29 Instruction shall recompute the 1996–97 statewide average base
30 revenue limit to include any adjustments made by the immediately
31 preceding iteration.

32 (2) (A) For the purposes of determining the size of a school
33 district under subdivision (b), the Superintendent of Public
34 Instruction shall use a school district’s revenue limit average daily
35 attendance for the 1996–97 fiscal year as determined pursuant to
36 Section 42238.5 and Article 4 (commencing with Section 42280).

37 (B) Notwithstanding subparagraph (A), for the purposes of
38 determining the size of a school district under subdivision (b) with
39 respect to any elementary, high, or unified school district that was
40 funded in the 1996–97 school year as a large elementary, high, or

1 unified school district, as determined pursuant to subdivision (a)
 2 of Section 42238.5, the school district’s actual revenue limit
 3 average daily attendance for the 1996–97 school year may be used.
 4 The actual revenue limit average daily attendance for the 1996–97
 5 school year shall be used to calculate the 1996–97 revenue limit
 6 of a school district exercising the authority granted under this
 7 subparagraph. The governing board of a school district to which
 8 this subparagraph is applicable may exercise the authority granted
 9 under this subparagraph by enacting a resolution to that effect and
 10 transmitting a copy of that resolution to the Superintendent of
 11 Public Instruction on or before a date designated by the
 12 Superintendent of Public Instruction for that school year. After the
 13 Superintendent of Public Instruction receives the resolution, the
 14 superintendent shall make the necessary adjustments to the school
 15 district’s revenue limit calculation.

16 *(e) This section shall become inoperative on July 1, 2014, and,*
 17 *as of January 1, 2015, is repealed, unless a later enacted statute,*
 18 *that becomes operative on or before January 1, 2015, deletes or*
 19 *extends the dates on which it becomes inoperative and is repealed.*

20 *SEC. 42. Section 42238.44 of the Education Code is amended*
 21 *to read:*

22 42238.44. (a) This section shall be known and may be cited
 23 as, the Fairness in Education Funding Act.

24 (b) (1) For the 2004–05 fiscal year, the Superintendent of Public
 25 Instruction shall compute an equalization adjustment for each
 26 school district, so that the 2003–04 base revenue limit per unit of
 27 average daily attendance of a district is not less than the 2003–04
 28 base revenue limit per unit of average daily attendance above which
 29 fall not more than 10 percent of the total statewide units of average
 30 daily attendance for each category of school district set forth in
 31 subdivision (c).

32 (2) For purposes of this section, the district base revenue limit
 33 and the statewide average base revenue limit shall not include any
 34 amounts attributable to Section 45023.4, 46200, or 46201.

35 (c) Subdivision (b) shall apply to the following school districts,
 36 which shall be grouped according to size and type as follows:

37

District	ADA
38 Elementary	less than 101
39 Elementary	more than 100

40

1	High School	less than 301
2	High School	more than 300
3	Unified	less than 1,501
4	Unified	more than 1,500

5

6 (d) The Superintendent of Public Instruction shall compute a
7 revenue limit equalization adjustment for each school district's
8 base revenue limit per unit of average daily attendance as follows:

9 (1) Multiply the amount computed for each school district
10 pursuant to subdivision (b) by the average daily attendance used
11 to calculate the revenue limit for the 2004–05 fiscal year of a
12 district.

13 (2) Divide the amount appropriated for purposes of this section
14 for the 2004–05 fiscal year by the statewide sum of the amount
15 computed pursuant to paragraph (1).

16 (3) Multiply the amount computed for the school district
17 pursuant to paragraph (1) of subdivision (b) by the amount
18 computed pursuant to paragraph (2).

19 (e) (1) For the purposes of this section, the 2003–04 statewide
20 90th percentile base revenue limit determined pursuant to paragraph
21 (1) of subdivision (b), and the fraction computed pursuant to
22 paragraph (2) of subdivision (d) for the 2003–04 second principal
23 apportionment, shall be final, and shall not be recalculated at
24 subsequent apportionments. The fraction computed pursuant to
25 paragraph (2) of subdivision (d) shall not, under any circumstances,
26 exceed 1.00. For purposes of determining the size of a school
27 district pursuant to subdivision (c), county superintendents of
28 schools, in conjunction with the Superintendent of Public
29 Instruction, shall use school district revenue limit average daily
30 attendance for the 2003–04 fiscal year as determined pursuant to
31 Section 42238.5 and Article 4 (commencing with Section 42280).

32 (2) For the purposes of calculating the size of a school district
33 pursuant to subdivision (c), the Superintendent of Public Instruction
34 shall include units of average daily attendance of any charter school
35 for which the school district is the chartering agency.

36 (3) For the purposes of computing the target amounts pursuant
37 to subdivision (b), the Superintendent of Public Instruction shall
38 count all charter school average daily attendance toward the
39 average daily attendance of the school district that is the chartering
40 agency.

1 (f) This section shall become inoperative on July 1, 2014, and,
2 as of January 1, 2015, is repealed, unless a later enacted statute,
3 that becomes operative on or before January 1, 2015, deletes or
4 extends the dates on which it becomes inoperative and is repealed.

5 SEC. 43. Section 42238.445 of the Education Code is amended
6 to read:

7 42238.445. (a) (1) For the 2002–03 fiscal year, the
8 Superintendent of Public Instruction shall compute an equalization
9 adjustment for each school district by determining the amount that
10 would be necessary to assure that no district’s 2001–02 base
11 revenue limit per unit of average daily attendance is less than the
12 2001–02 base revenue limit per unit of average daily attendance
13 above which fall not more than 10 percent of the total statewide
14 units of average daily attendance for each category of school
15 district set forth in subdivision (b).

16 (2) For purposes of this section, the district base revenue limit
17 and the statewide average base revenue limit shall not include any
18 amounts attributable to Section 45023.4, 46200, or 46201.

19 (b) Subdivision (a) shall apply to the following school districts,
20 which shall be grouped according to size and type as follows:

District	ADA
23 Elementary	less than 101
24 Elementary	more than 100
25 High School	less than 301
26 High School	more than 300
27 Unified	less than 1,501
28 Unified	more than 1,500

29
30 (c) The Superintendent of Public Instruction shall determine
31 and allocate, on a one-time basis, an amount for each school district
32 as follows:

33 (1) Multiply the amount computed for each school district
34 pursuant to subdivision (a) by the average daily attendance used
35 to calculate the district’s revenue limit for the 2002–03 fiscal year.

36 (2) Divide forty-two million dollars (\$42,000,000) appropriated
37 pursuant to Provision 2 of Item 6110-223-0001 of Section 2.00 of
38 the Budget Act of 2002 by the statewide sum of the amount
39 computed pursuant to paragraph (1).

1 (3) Multiply the amount computed for the school district
2 pursuant to paragraph (1) by the amount computed pursuant to
3 paragraph (2).

4 (d) (1) For the purposes of this section, the 2001–02 statewide
5 90th percentile base revenue limit determined pursuant to paragraph
6 (1) of subdivision (a), and the fraction computed pursuant to
7 paragraph (2) of subdivision (c) for the 2001–02 second principal
8 apportionment, shall be final, and shall not be recalculated at
9 subsequent apportionments. The fraction computed pursuant to
10 paragraph (2) of subdivision (c) shall not, under any circumstances,
11 exceed 1.00. For purposes of determining the size of a school
12 district pursuant to subdivision (b), county superintendents of
13 schools, in conjunction with the Superintendent of Public
14 Instruction, shall use school district revenue limit average daily
15 attendance for the 2001–02 fiscal year as determined pursuant to
16 Section 42238.5 and Article 4 (commencing with Section 42280).

17 (2) For the purposes of calculating the size of a school district
18 pursuant to subdivision (b), the Superintendent of Public Instruction
19 shall include units of average daily attendance of any charter school
20 for which the school district is the chartering agency.

21 (3) For the purposes of computing the target amounts pursuant
22 to subdivision (a), the Superintendent of Public Instruction shall
23 count all charter school average daily attendance toward the
24 average daily attendance of the school district that is the chartering
25 agency.

26 (e) Allocations pursuant to this section do not represent
27 adjustments to school district base revenue limits.

28 (f) *This section shall become inoperative on July 1, 2014, and,*
29 *as of January 1, 2015, is repealed, unless a later enacted statute,*
30 *that becomes operative on or before January 1, 2015, deletes or*
31 *extends the dates on which it becomes inoperative and is repealed.*

32 *SEC. 44. Section 42238.45 of the Education Code is amended*
33 *to read:*

34 42238.45. (a) (1) For the 2001–02 fiscal year, the
35 Superintendent of Public Instruction shall compute an adjustment
36 for each school district, so that no district's 2000–01 base revenue
37 limit per unit of average daily attendance is less than the 2000–01
38 base revenue limit per unit of average daily attendance above which
39 fall not more than 10 percent of the total statewide units of average

1 daily attendance for each category of school district set forth in
2 subdivision (b).

3 (2) For purposes of this section, the district base revenue limit
4 and the statewide average base revenue limit shall not include any
5 amounts attributable to Section 45023.4, 46200, or 46201.

6 (b) Subdivision (a) shall apply to the following school districts,
7 which shall be grouped according to size and type as follows:

District	ADA
10 Elementary	less than 101
11 Elementary	more than 100
12 High School	less than 301
13 High School	more than 300
14 Unified	less than 1,501
15 Unified	more than 1,500

16
17 (c) For the 2001–02 fiscal year, the Superintendent of Public
18 Instruction shall determine and allocate on a one-time basis for
19 each school district amounts as follows:

20 (1) Multiply the amount computed for each school district
21 pursuant to subdivision (a) by the average daily attendance used
22 to calculate the district’s revenue limit for the 2001–02 fiscal year.

23 (2) Divide forty million dollars (\$40,000,000) appropriated for
24 purposes of this section for the 2001–02 fiscal year by the statewide
25 sum of the amount computed pursuant to paragraph (1).

26 (3) Multiply the amount computed for the school district
27 pursuant to paragraph (1) of subdivision (a) by the amount
28 computed pursuant to paragraph (2).

29 (d) (1) For the purposes of calculating the size of a school
30 district pursuant to subdivision (b), the Superintendent of Public
31 Instruction shall include units of average daily attendance of any
32 charter school for which the school district is the chartering agency.

33 (2) For the purposes of computing the target amounts pursuant
34 to subdivision (a), the Superintendent of Public Instruction shall
35 count all charter school average daily attendance toward the
36 average daily attendance of the school district that is the chartering
37 agency.

38 (e) Allocations for purposes of this section do not represent
39 adjustments to school district base revenue limits.

1 (f) This section shall become inoperative on July 1, 2014, and,
2 as of January 1, 2015, is repealed, unless a later enacted statute,
3 that becomes operative on or before January 1, 2015, deletes or
4 extends the dates on which it becomes inoperative and is repealed.

5 SEC. 45. Section 42238.46 of the Education Code is amended
6 to read:

7 42238.46. (a) For the 2003–04 fiscal year, the Superintendent
8 of Public Instruction shall compute an equalization adjustment for
9 each school district so that no district’s 2002–03 adjusted base
10 revenue limit per unit of average daily attendance is less than the
11 2002–03 fiscal year adjusted base revenue limit above which fall
12 not more than 8.25 percent of the total statewide units of average
13 daily attendance for the appropriate size and type of district listed
14 in subdivision (b).

15 For purposes of this section, the district adjusted base revenue
16 limit and the statewide average adjusted base revenue limit may
17 not include any amounts attributable to Section 45023.4, 46200,
18 or 46201.

19 (b) Subdivision (a) applies to the following school districts,
20 which shall be grouped according to size and type as follows:

District	ADA
Elementary	less than 101
Elementary	more than 100
High School	less than 301
High School	more than 300
Unified	less than 1,501
Unified	more than 1,500

29
30 (c) The Superintendent of Public Instruction shall compute a
31 revenue limit equalization adjustment for each school district’s
32 adjusted base revenue limit per unit of average daily attendance
33 as follows:

34 (1) Add the products of the amount computed for each school
35 district by the county superintendent pursuant to subdivision (a)
36 and the average daily attendance used to calculate the district’s
37 revenue limit for the current fiscal year.

38 (2) Divide the amount appropriated for purposes of this section
39 for the current fiscal year by the amount computed pursuant to
40 paragraph (1).

1 (3) Multiply the amount computed for the school district
2 pursuant to subdivision (a) by the amount computed pursuant to
3 paragraph (2).

4 (d) (1) For purposes of this section only, prior to computing
5 the equalization adjustment pursuant to this section, the
6 Superintendent of Public Instruction shall calculate an adjusted
7 base revenue limit for each district by revising the 2002–03 base
8 revenue limit of the district to eliminate that portion of the one-time
9 adjustment to its base revenue limit related to excused absences
10 made pursuant to Section 42238.8.

11 (2) For the purposes of this section, the 2002–03 statewide
12 average adjusted base revenue limits determined for the purposes
13 of subdivision (a) and the fraction computed pursuant to paragraph
14 (2) of subdivision (c) by the Superintendent of Public Instruction
15 for the 2002–03 second principal apportionment shall be final, and
16 shall not be recalculated at subsequent apportionments. In no event
17 shall the fraction computed pursuant to paragraph (2) of subdivision
18 (c) exceed 1.00. For the purposes of determining the size of a
19 district used in subdivision (b), county superintendents of schools,
20 in conjunction with the Superintendent of Public Instruction, shall
21 use a school district’s revenue limit average daily attendance for
22 the 2002–03 fiscal year as determined pursuant to Section 42238.5
23 and Article 4 (commencing with Section 42280).

24 (3) For the purposes of calculating the size of a school district
25 pursuant to subdivision (b), the Superintendent of Public Instruction
26 shall include units of average daily attendance of any charter school
27 for which the school district is the chartering agency.

28 (4) For the purposes of computing the target amounts pursuant
29 to subdivision (a), the Superintendent of Public Instruction shall
30 count all charter school average daily attendance towards the
31 average daily attendance of the school district that is the chartering
32 agency.

33 *(e) This section shall become inoperative on July 1, 2014, and,*
34 *as of January 1, 2015, is repealed, unless a later enacted statute,*
35 *that becomes operative on or before January 1, 2015, deletes or*
36 *extends the dates on which it becomes inoperative and is repealed.*

37 *SEC. 46. Section 42238.48 of the Education Code is amended*
38 *to read:*

39 42238.48. (a) (1) For the 2006–07 fiscal year, the
40 Superintendent shall compute an equalization adjustment for each

1 school district, so that the 2005–06 base revenue limit per unit
 2 average daily attendance of a school district is not less than the
 3 2005–06 base revenue limit per unit of average daily attendance
 4 above which fall not more than 10 percent of the total statewide
 5 units of average daily attendance for each category of school
 6 district set forth in subdivision (b).

7 (2) For purposes of this section, the base revenue limit shall not
 8 include any amounts attributable to Section 45023.4, 46200, or
 9 46201.

10 (b) Subdivision (a) shall apply to the following school districts,
 11 which shall be grouped according to size and type as follows:

District	ADA
14 Elementary	less than 101
15 Elementary	more than 100
16 High School	less than 301
17 High School	more than 300
18 Unified	less than 1,501
19 Unified	more than 1,500

20
 21 (c) The Superintendent shall compute a revenue limit
 22 equalization adjustment for each school district’s base revenue
 23 limit per unit of average daily attendance as follows:

24 (1) Multiply the amount computed for each school district
 25 pursuant to subdivision (a) by the average daily attendance used
 26 to calculate the revenue limit for the 2006–07 fiscal year of a school
 27 district.

28 (2) Divide the amount appropriated for purposes of this section
 29 for the 2006–07 fiscal year by the statewide sum of the amount
 30 computed pursuant to paragraph (1).

31 (3) Multiply the amount computed for the school district
 32 pursuant to paragraph (1) of subdivision (a) by the amount
 33 computed pursuant to paragraph (2).

34 (d) (1) For the purposes of this section, the 2005–06 statewide
 35 90th percentile base revenue limit determined pursuant to paragraph
 36 (1) of subdivision (a), and the fraction computed pursuant to
 37 paragraph (2) of subdivision (c) for the 2005–06 second principal
 38 apportionment, shall be final, and shall not be recalculated at
 39 subsequent apportionments. The fraction computed pursuant to
 40 paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes

1 of determining the size of a school district pursuant to subdivision
2 (b), county superintendents of schools, in conjunction with the
3 Superintendent, shall use school district revenue limit average
4 daily attendance for the 2005–06 fiscal year as determined pursuant
5 to Section 42238.5 and Article 4 (commencing with Section
6 42280).

7 (2) For the purposes of calculating the size of a school district
8 pursuant to subdivision (b), the Superintendent shall include units
9 of average daily attendance of any charter school for which the
10 school district is the sponsoring local educational agency.

11 (3) For the purposes of computing the target amounts pursuant
12 to subdivision (a), the Superintendent shall count all charter school
13 average daily attendance toward the average daily attendance of
14 the school district that is the sponsoring local educational agency.

15 *(e) This section shall become inoperative on July 1, 2014, and,
16 as of January 1, 2015, is repealed, unless a later enacted statute,
17 that becomes operative on or before January 1, 2015, deletes or
18 extends the dates on which it becomes inoperative and is repealed.*

19 *SEC. 47. Section 42238.485 of the Education Code is amended*
20 *to read:*

21 42238.485. (a) For the 2010–11 fiscal year, the Superintendent
22 shall compute an adjustment for each school district by dividing
23 each school district’s 2007–08 fiscal year average daily attendance
24 into the sum of the following:

25 (1) Funding for Meals for Needy Pupils programs received by
26 the school district for the 2007–08 fiscal year pursuant to Section
27 42241.2, as it read on January 1, 2009.

28 (2) Funding incentives to increase beginning teachers’ salaries
29 received by the school district for the 2007–08 fiscal year pursuant
30 to Sections 45023.1 and 45023.4, as those sections read on January
31 1, 2009.

32 (b) For purposes of this section, average daily attendance shall
33 be computed pursuant to Section 42238.5.

34 (c) Notwithstanding any other provision of this section, no
35 funding specified in this section shall be added to the adjustment
36 computed pursuant to subdivision (a) if that funding is currently
37 included in a school district’s base revenue limit calculated
38 pursuant to Section 42238.

39 *(d) This section shall become inoperative on July 1, 2014, and,
40 as of January 1, 2015, is repealed, unless a later enacted statute,*

1 that becomes operative on or before January 1, 2015, deletes or
2 extends the dates on which it becomes inoperative and is repealed.

3 SEC. 48. Section 42238.49 of the Education Code is amended
4 to read:

5 42238.49. (a) (1) For the 2011–12 fiscal year, the
6 Superintendent shall compute an equalization adjustment for each
7 school district, so that the 2010–11 base revenue limit per unit of
8 average daily attendance of a school district is not less than the
9 2010–11 base revenue limit per unit of average daily attendance
10 above which fall not more than 10 percent of the total statewide
11 units of average daily attendance for each category of school
12 district set forth in subdivision (b).

13 (2) For purposes of this section, the base revenue limit shall not
14 include any amounts attributable to Section 45023.4, 46200, or
15 46201.

16 (b) Subdivision (a) shall apply to the following school districts,
17 which shall be grouped according to size and type as follows:

District	ADA
Elementary.....	less than 101
Elementary.....	more than 100
High School.....	less than 301
High School.....	more than 300
Unified.....	less than 1,501
Unified.....	more than 1,500

26
27 (c) The Superintendent shall compute a revenue limit
28 equalization adjustment for each school district’s base revenue
29 limit per unit of average daily attendance as follows:

30 (1) Multiply the amount computed for each school district
31 pursuant to subdivision (a) by the average daily attendance used
32 to calculate the revenue limit for the 2011–12 fiscal year of a school
33 district.

34 (2) Divide the amount appropriated from the Supplemental
35 Education Payment Account for purposes of this section for the
36 2011–12 fiscal year by the statewide sum of the amounts computed
37 pursuant to paragraph (1).

38 (3) Multiply the amount computed for the school district
39 pursuant to paragraph (1) of subdivision (a) by the amount
40 computed pursuant to paragraph (2).

1 (d) (1) For the purposes of this section, the 2010–11 statewide
2 90th percentile base revenue limit determined pursuant to paragraph
3 (1) of subdivision (a), and the fraction computed pursuant to
4 paragraph (2) of subdivision (c) for the 2010–11 second principal
5 apportionment, shall be final, and shall not be recalculated at
6 subsequent apportionments. The fraction computed pursuant to
7 paragraph (2) of subdivision (c) shall not exceed 1.00. For purposes
8 of determining the size of a school district pursuant to subdivision
9 (b), county superintendents of schools, in conjunction with the
10 Superintendent, shall use school district revenue limit average
11 daily attendance for the 2010–11 fiscal year as determined pursuant
12 to Section 42238.5 and Article 4 (commencing with Section
13 42280).

14 (2) For the purposes of calculating the size of a school district
15 pursuant to subdivision (b), the Superintendent shall include units
16 of average daily attendance of any charter school for which the
17 school district is the sponsoring local educational agency.

18 (3) For the purposes of computing the target amounts pursuant
19 to subdivision (a), the Superintendent shall count all charter school
20 average daily attendance toward the average daily attendance of
21 the school district that is the sponsoring local educational agency.

22 (e) *This section shall become inoperative on July 1, 2014, and,*
23 *as of January 1, 2015, is repealed, unless a later enacted statute,*
24 *that becomes operative on or before January 1, 2015, deletes or*
25 *extends the dates on which it becomes inoperative and is repealed.*

26 *SEC. 49. Section 42238.5 of the Education Code is amended*
27 *to read:*

28 42238.5. (a) For purposes of Section 42238, the fiscal year
29 average daily attendance shall be computed pursuant to paragraph
30 (1) or (2).

31 (1) The second principal apportionment regular average daily
32 attendance for either the current or prior fiscal year, whichever is
33 greater. However, prior fiscal year average daily attendance shall
34 be adjusted for any loss or gain of average daily attendance due
35 to a reorganization or transfer of territory, or, commencing in the
36 1993–94 fiscal year, and each fiscal year thereafter, for any change
37 in average daily attendance for pupils who are concurrently enrolled
38 in adult programs and classes pursuant to Section 52616.17.

39 (2) Any school district that elects to receive funding pursuant
40 to Article 4 (commencing with Section 42280) shall compute its

1 units of average daily attendance for purposes of Section 42238
2 by subtracting the amount determined in subparagraph (B) from
3 the amount determined in subparagraph (A).

4 (A) The units of average daily attendance computed pursuant
5 to paragraph (1).

6 (B) The units of average daily attendance resulting from pupils
7 attending schools funded pursuant to Article 4 (commencing with
8 Section 42280).

9 (b) For purposes of this article, regular average daily attendance
10 shall be the base revenue limit average daily attendance, excluding
11 summer school average daily attendance.

12 (c) For purposes of this section, for the 1998–99 fiscal year
13 only, the prior year average daily attendance shall be the 1997–98
14 regular average daily attendance, excluding absences excused
15 pursuant to subdivision (b) of Section 46010, as that subdivision
16 read on July 1, 1996.

17 (d) *This section shall become inoperative on July 1, 2014, and,*
18 *as of January 1, 2015, is repealed, unless a later enacted statute,*
19 *that becomes operative on or before January 1, 2015, deletes or*
20 *extends the dates on which it becomes inoperative and is repealed.*

21 *SEC. 50. Section 42238.51 of the Education Code is amended*
22 *to read:*

23 42238.51. (a) For purposes of paragraph (1) of subdivision
24 (a) of Section 42238.5, a sponsoring school district’s average daily
25 attendance shall be computed as follows:

26 (1) Compute the sponsoring school district’s regular average
27 daily attendance in the current year, excluding the attendance of
28 pupils in charter schools.

29 (2) (A) Compute the regular average daily attendance used to
30 calculate the second principal apportionment of the school district
31 for the prior year, excluding the attendance of pupils in charter
32 schools.

33 (B) Compute the attendance of pupils who attended one or more
34 noncharter schools of the school district between July 1, and the
35 last day of the second period, inclusive, in the prior year, and who
36 attended a charter school sponsored by the school district between
37 July 1, and the last day of the second period, inclusive, in the
38 current year. For the purposes of this paragraph, a pupil enrolled
39 in a grade at a charter school sponsored by the school district shall
40 not be counted if the school district does not offer classes for pupils

1 enrolled in that grade. The amount of the attendance counted for
2 any pupil for the purpose of this subparagraph may not be greater
3 than the attendance claimed for that pupil by the charter school in
4 the current year.

5 (C) Compute the attendance of pupils who attended a charter
6 school sponsored by the school district in the prior year and who
7 attended one or more noncharter schools of the school district in
8 the current year. The amount of the attendance counted for any
9 pupil for the purpose of this subparagraph may not be greater than
10 the attendance claimed for that pupil by the school district in the
11 current year.

12 (D) From the amount determined pursuant to subparagraph (B),
13 subtract the amount determined pursuant to subparagraph (C). If
14 the result is less than zero, the amount shall be deemed to be zero.

15 (E) The prior year average daily attendance determined pursuant
16 to subparagraph (A) shall be reduced by the amount determined
17 pursuant to subparagraph (D).

18 (3) To the greater of the amounts computed pursuant to
19 paragraphs (1) and (2), add the regular average daily attendance
20 in the current year of all pupils attending charter schools sponsored
21 by the district that are not funded pursuant to Article 2
22 (commencing with Section 47633) of Chapter 6 of Part 26.

23 (b) For the purposes of this section, a “sponsoring school
24 district” shall mean a “sponsoring local educational agency,” as
25 defined in Section 47632.

26 ~~(e) This section shall become operative on July 1, 2007.~~

27 *(c) This section shall become inoperative on July 1, 2014, and,*
28 *as of January 1, 2015, is repealed, unless a later enacted statute,*
29 *that becomes operative on or before January 1, 2015, deletes or*
30 *extends the dates on which it becomes inoperative and is repealed.*

31 *SEC. 51. Section 42238.52 of the Education Code is amended*
32 *to read:*

33 42238.52. (a) Notwithstanding any other provision of law, the
34 prior year average daily attendance for a school district determined
35 pursuant to subdivision (b) of Section 42238.51 shall be increased
36 by the prior year second principal apportionment average daily
37 attendance of district residents only of any school that meets the
38 following description:

39 (1) The school was a district noncharter school in any year prior
40 to the prior year.

1 (2) The school was operated as a district-approved charter school
2 in the prior year.

3 (3) The school is again operated as a district noncharter school
4 in the current year.

5 (b) An adjustment to prior year average daily attendance
6 pursuant to this section may not be made for the attendance of
7 pupils who were not residents of the school district in the prior
8 year.

9 (c) This section applies to the 2000–01 fiscal year and
10 subsequent fiscal years.

11 (d) *This section shall become inoperative on July 1, 2014, and,*
12 *as of January 1, 2015, is repealed, unless a later enacted statute,*
13 *that becomes operative on or before January 1, 2015, deletes or*
14 *extends the dates on which it becomes inoperative and is repealed.*

15 *SEC. 52. Section 42238.53 of the Education Code is amended*
16 *to read:*

17 42238.53. (a) Sections 42238.51 and 42238.52 do not apply
18 to resident pupils in charter schools operating under the districtwide
19 charter of a district that has converted all of its schools to charter
20 status pursuant to Section 47606 and has elected not to be funded
21 pursuant to Article 2 (commencing with Section 47633) of Chapter
22 6 of Part 26.

23 (b) For the purposes of this section, “resident pupils” means
24 pupils who reside in, and are otherwise eligible to attend, a school
25 in the specified district.

26 (c) *This section shall become inoperative on July 1, 2014, and,*
27 *as of January 1, 2015, is repealed, unless a later enacted statute,*
28 *that becomes operative on or before January 1, 2015, deletes or*
29 *extends the dates on which it becomes inoperative and is repealed.*

30 *SEC. 53. Section 42238.6 of the Education Code is amended*
31 *to read:*

32 42238.6. (a) The fiscal year average daily attendance computed
33 under Section 42238.5 shall be increased, for each school district
34 that operates any school that meets the eligibility requirements set
35 forth in subdivision (b), by the number of child days of attendance
36 of pupils enrolled in eligible schools in the district who are
37 currently migratory children, as defined by Section 54441, and
38 who are residing in state-operated migrant housing projects
39 between the second principal apportionment and the end of the
40 regular school year, divided by the number of days school was

1 actually taught in the regular day schools of the district, excluding
2 Saturdays and Sundays.

3 (b) For a school to be eligible for the purposes of this section,
4 the following conditions shall apply:

5 (1) One or more state-operated migrant housing projects are
6 located within the attendance area of the school.

7 (2) The maximum number of pupils enrolled in the school in
8 the relevant fiscal year who are currently migratory children, as
9 calculated under subdivision (a), constitutes not less than one-third
10 of the total pupil enrollment of the school.

11 (c) The Superintendent of Public Instruction shall establish rules
12 and regulations for the implementation of this section.

13 (d) *This section shall become inoperative on July 1, 2014, and,
14 as of January 1, 2015, is repealed, unless a later enacted statute,
15 that becomes operative on or before January 1, 2015, deletes or
16 extends the dates on which it becomes inoperative and is repealed.*

17 *SEC. 54. Section 42238.7 of the Education Code is amended
18 to read:*

19 42238.7. (a) The governing board of each school district, as
20 a condition of apportionment, shall report to the Superintendent
21 of Public Instruction, not later than May 1, 1998, and September
22 1, 1998, respectively, the portion of the attendance in the schools
23 and classes maintained by the district that was reported for each
24 of the 1996–97 and 1997–98 school years pursuant to Section
25 41601 that consisted of absences excused pursuant to subdivision
26 (b) of Section 46010 and to Section 46015, as those sections read
27 on July 1, 1996.

28 (b) *This section shall become inoperative on July 1, 2014, and,
29 as of January 1, 2015, is repealed, unless a later enacted statute,
30 that becomes operative on or before January 1, 2015, deletes or
31 extends the dates on which it becomes inoperative and is repealed.*

32 *SEC. 55. Section 42238.75 of the Education Code is amended
33 to read:*

34 42238.75. Notwithstanding any other provision of law:

35 (a) All completed audits, including those on appeal, of school
36 districts, charter schools, and county offices of education funded
37 by Item 8860-025-0001 of Section 2.00 of Chapter 50 of the
38 Statutes of 1999, Item 8860-025-0001 of Section 2.00 of Chapter
39 52 of the Statutes of 2000, and Item 8860-025-0001 of Section
40 2.00 of Chapter 106 of the Statutes of 2001, and any findings of

1 those audits, are withdrawn, and no loss of apportionment arising
2 from the findings of those audits shall be realized.

3 (b) All audits funded by Item 8860-025-0001 of Section 2.00
4 of Chapter 50 of the Statutes of 1999, Item 8860-025-0001 of
5 Section 2.00 of Chapter 52 of the Statutes of 2000, and Item
6 8860-025-0001 of Section 2.00 of Chapter 106 of the Statutes of
7 2001, shall be discontinued.

8 (c) The Controller shall notify all school districts, charter
9 schools, and county offices of education that it is no longer
10 necessary to retain records supporting pupil attendance and excused
11 absences used for purposes of calculating average daily attendance
12 during the 1996–97 fiscal year.

13 (d) *This section shall become inoperative on July 1, 2014, and,*
14 *as of January 1, 2015, is repealed, unless a later enacted statute,*
15 *that becomes operative on or before January 1, 2015, deletes or*
16 *extends the dates on which it becomes inoperative and is repealed.*

17 SEC. 56. *Section 42238.8 of the Education Code is amended*
18 *to read:*

19 42238.8. (a) Effective July 1, 1998, the Superintendent of
20 Public Instruction shall make a one-time adjustment to the revenue
21 limit per unit of average daily attendance of each school district.
22 This one-time adjustment shall apply for the 1998–99 fiscal year,
23 and for each fiscal year thereafter, but not for any year prior to
24 1998–99, and shall be accomplished by revision of the prior fiscal
25 year revenue limit per unit of average daily attendance, as follows:

26 (1) Determine a revised revenue limit per unit of average daily
27 attendance for the 1996–97 fiscal year as follows:

28 (A) For each school district that had its revenue limit funding
29 for the 1996–97 fiscal year calculated on the basis of its 1996–97
30 average daily attendance pursuant to paragraph (1) of subdivision
31 (a) of Section 42238.5, the revised revenue limit per unit of average
32 daily attendance shall equal the adjusted total base revenue limit
33 determined pursuant to paragraph (2) divided by the adjusted
34 average daily attendance determined pursuant to subparagraph (A)
35 of paragraph (3).

36 (B) For each school district that had its revenue limit funding
37 for the 1996–97 fiscal year calculated on the basis of its 1995–96
38 average daily attendance pursuant to paragraph (1) of subdivision
39 (a) of Section 42238.5, the revised revenue limit per unit of average
40 daily attendance shall equal the adjusted total base revenue limit

1 determined pursuant to paragraph (2) divided by the adjusted
2 average daily attendance determined pursuant to subparagraphs
3 (B), (C), and (D) of paragraph (3).

4 (2) Determine the amount of the 1996–97 total base revenue
5 limit funding received pursuant to Section 42238 for growth and
6 nongrowth average daily attendance, including, as nongrowth
7 average daily attendance, attendance in necessary small schools
8 in the year determined to be the greater pursuant to paragraph (1)
9 of subdivision (a) of Section 42238.5 for the 1996–97 fiscal year,
10 but excluding attendance in nonpublic, nonsectarian schools,
11 county office operated special education, and county community
12 school programs.

13 (3) (A) Reduce the average daily attendance figure used to
14 make the determination set forth in paragraph (2) by the amount
15 of average daily attendance included in that figure for excused
16 absences pursuant to subdivision (b) of Section 46010 as that
17 subdivision read on July 1, 1996.

18 (B) Determine the second principal apportionment average daily
19 attendance for the 1996–97 fiscal year, including attendance in
20 necessary small schools and attendance for excused absences
21 pursuant to subdivision (b) of Section 46010 as it read on July 1,
22 1996, but excluding attendance, including attendance for excused
23 absences, in nonpublic, nonsectarian schools, county-operated
24 special education programs, and county community schools.

25 (C) Determine the second principal apportionment average daily
26 attendance for the 1996–97 fiscal year, including attendance in
27 necessary small schools, but excluding attendance in nonpublic,
28 nonsectarian schools, county-operated special education programs,
29 and county community schools and for excused absences pursuant
30 to subdivision (b) of Section 46010 as it read on July 1, 1996.

31 (D) Calculate the adjusted revenue limit average daily attendance
32 by multiplying the average daily attendance figure used to make
33 the determination set forth in paragraph (2) by the quotient of the
34 amount determined pursuant to subparagraph (C) divided by the
35 amount determined pursuant to subparagraph (B).

36 (4) Recalculate the 1997–98 fiscal year revenue limit per unit
37 of average daily attendance to reflect the revision in the 1996–97
38 revenue limit per unit of average daily attendance determined
39 pursuant to paragraph (1).

1 (b) The calculations made pursuant to paragraphs (1) and (4)
2 of subdivision (a) shall not be used for apportionment purposes
3 for either of the fiscal years referred to in those paragraphs or for
4 adjustments for those years.

5 (c) If the governing board of any school district demonstrates
6 to the satisfaction of the Superintendent of Public Instruction that,
7 because of extraordinary circumstances beyond the control of the
8 school district, the amount of absences excused in one or more
9 district programs in fiscal year 1996–97 pursuant to subdivision
10 (b) of Section 46010 as it read on July 1, 1996, was significantly
11 lower than it would ordinarily have been in comparison to the
12 amount of actual attendance in fiscal year 1996–97, the
13 Superintendent of Public Instruction shall make a compensating
14 adjustment, consistent with the provisions of Section 2 of the
15 Education Code, in the calculation set forth in this section.

16 (d) *This section shall become inoperative on July 1, 2014, and,*
17 *as of January 1, 2015, is repealed, unless a later enacted statute,*
18 *that becomes operative on or before January 1, 2015, deletes or*
19 *extends the dates on which it becomes inoperative and is repealed.*

20 *SEC. 57. Section 42238.9 of the Education Code is amended*
21 *to read:*

22 42238.9. (a) The amount per unit of average daily attendance
23 subtracted pursuant to Section 56712 for revenue limits for pupils
24 in special classes and centers shall be the district's total revenue
25 limit for the current fiscal year computed pursuant to Section
26 42238, including funds received pursuant to Article 4 (commencing
27 with Section 42280), but excluding the total amount of funds
28 received pursuant to Sections 46200 to 46206, inclusive, and
29 Section 45023.4, as that section read on July 1, 1986, divided by
30 the district's current year average daily attendance pursuant to
31 Section 42238.5. The amount per unit of average daily attendance
32 that is excluded in this calculation for each school district shall be
33 increased for the 1998–99 fiscal year by the quotient for that district
34 of the amount determined pursuant to subparagraph (B) of
35 paragraph (3) of subdivision (a) of Section 42238.8 divided by the
36 amount determined pursuant to subparagraph (C) of paragraph (3)
37 of subdivision (a) of Section 42238.8.

38 (b) *This section shall become inoperative on July 1, 2014, and,*
39 *as of January 1, 2015, is repealed, unless a later enacted statute,*

1 *that becomes operative on or before January 1, 2015, deletes or*
2 *extends the dates on which it becomes inoperative and is repealed.*

3 *SEC. 58. Section 42238.95 of the Education Code is amended*
4 *to read:*

5 42238.95. (a) The amount per unit of average daily attendance
6 for pupils in special classes and centers that shall be apportioned
7 to each county office of education shall be equal to the amount
8 determined for the district of residence pursuant to Section 42238.9,
9 increased by the quotient equal to the amount determined pursuant
10 to paragraph (1) divided by the amount determined pursuant to
11 paragraph (2). This subdivision only applies to average daily
12 attendance served by employees of the county office of education.

13 (1) Determine the second principal apportionment average daily
14 attendance for special education for the county office of education
15 for the 1996–97 fiscal year, including attendance for excused
16 absences, divided by the corresponding average daily attendance
17 excluding attendance for excused absences pursuant to subdivision
18 (b) of Section 46010 as it read on July 1, 1996, reported pursuant
19 to Section 41601 for the 1996–97 fiscal year.

20 (2) Determine the second principal apportionment average daily
21 attendance for the 1996–97 fiscal year, including attendance for
22 excused absences, for all of the school districts within the county,
23 excluding average daily attendance for county office special
24 education and county community school programs and nonpublic
25 nonsectarian schools, divided by the corresponding average daily
26 attendance, excluding attendance for excused absences determined
27 pursuant to subdivision (b) of Section 46010 as it read on July 1,
28 1996, and reported pursuant to Section 41601 for the 1996–97
29 fiscal year.

30 (b) A county office of education shall provide the data required
31 to perform the calculation specified in paragraph (1) of subdivision
32 (a) to the Superintendent of Public Instruction in order to be eligible
33 for the adjustment pursuant to subdivision (a).

34 (c) *This section shall become inoperative on July 1, 2014, and,*
35 *as of January 1, 2015, is repealed, unless a later enacted statute,*
36 *that becomes operative on or before January 1, 2015, deletes or*
37 *extends the dates on which it becomes inoperative and is repealed.*

38 *SEC. 59. Section 42238.11 of the Education Code is amended*
39 *to read:*

1 42238.11. Notwithstanding any other provision of law, for the
2 1994–95 fiscal year the county superintendent of schools shall
3 reduce the total revenue limit for each school district in the
4 jurisdiction of the county superintendent of schools by the amount
5 of the decreased employer contributions to the Public Employees’
6 Retirement System resulting from the enactment of Chapter 330
7 of the Statutes of 1982, adjusted for any changes in those
8 contributions resulting from subsequent changes in employer
9 contribution rates, excluding rate changes due to the direct transfer
10 of the state-mandated portion of the employer contributions to the
11 Public Employees’ Retirement System, through the 1994–95 fiscal
12 year. The reduction shall be calculated for each school district as
13 follows:

14 (a) Determine the amount of employer contributions that would
15 have been made in the 1994–95 fiscal year if the applicable Public
16 Employees’ Retirement System employer contribution rate in effect
17 immediately prior to the enactment of Chapter 330 of the Statutes
18 of 1982 were in effect during the 1994–95 fiscal year.

19 For purposes of this calculation, no school district shall have a
20 contribution rate higher than 13.020 percent.

21 (b) Subtract from the amount determined in subdivision (a) the
22 actual amount of employer contributions made to the Public
23 Employees’ Retirement System in the 1994–95 fiscal year.

24 (c) For the purposes of this section, employer contributions to
25 the Public Employees’ Retirement System for any of the following
26 positions shall be excluded from the calculation specified above:

27 (1) Positions or portions of positions supported by federal funds
28 that are subject to supplanting restrictions.

29 (2) Positions supported by funds received pursuant to Section
30 42243.6.

31 (3) Positions supported, to the extent of employer contributions
32 not exceeding twenty-five thousand dollars (\$25,000) by any single
33 educational agency, from a non-General Fund revenue source
34 determined to be properly excludable from this section by the
35 Superintendent of Public Instruction with the approval of the
36 Director of Finance.

37 (d) For accounting purposes, the reduction made by this
38 provision may be reflected as an expenditure from appropriate
39 sources of revenue as directed by the Superintendent of Public
40 Instruction.

1 (e) The amount of the reduction made by this section shall not
2 be adjusted by the deficit factor calculated pursuant to Section
3 42238.145.

4 It is the intent of the Legislature to make adjustments to school
5 district revenue limits for the 1994–95 fiscal year to reflect savings
6 that these districts will realize in the contributions to the Public
7 Employees’ Retirement System due to a reduced contribution rate
8 for the 1994–95 fiscal year.

9 *This section shall become inoperative on July 1, 2014, and, as*
10 *of January 1, 2015, is repealed, unless a later enacted statute, that*
11 *becomes operative on or before January 1, 2015, deletes or extends*
12 *the dates on which it becomes inoperative and is repealed.*

13 *SEC. 60. Section 42238.12 of the Education Code is amended*
14 *to read:*

15 42238.12. (a) For the 1995–96 fiscal year and each fiscal year
16 thereafter, the county superintendent of schools shall adjust the
17 total revenue limit for each school district in the jurisdiction of the
18 county superintendent of schools by the amount of increased or
19 decreased employer contributions to the Public Employees’
20 Retirement System resulting from the enactment of Chapter 330
21 of the Statutes of 1982, adjusted for any changes in those
22 contributions resulting from subsequent changes in employer
23 contribution rates, excluding rate changes due to the direct transfer
24 of the state-mandated portion of the employer contributions to the
25 Public Employees’ Retirement System, through the current fiscal
26 year. The adjustment shall be calculated for each school district,
27 as follows:

28 (1) (A) Determine the amount of employer contributions that
29 would have been made in the current fiscal year if the applicable
30 Public Employees’ Retirement System employer contribution rate
31 in effect immediately before the enactment of Chapter 330 of the
32 Statutes of 1982 were in effect during the current fiscal year.

33 (B) For purposes of this calculation, no school district shall have
34 a contribution rate higher than 13.020 percent.

35 (2) Determine the actual amount of employer contributions
36 made to the Public Employees’ Retirement System in the current
37 fiscal year.

38 (3) If the amount determined in paragraph (1) for a school
39 district is greater than the amount determined in paragraph (2), the
40 total revenue limit computed for that school district shall be

1 decreased by the amount of the difference between those
2 paragraphs; or, if the amount determined in paragraph (1) for a
3 school district is less than the amount determined in paragraph (2),
4 the total revenue limit for that school district shall be increased by
5 the amount of the difference between those paragraphs.

6 (4) For the purpose of this section, employer contributions to
7 the Public Employees' Retirement System for any of the following
8 positions shall be excluded from the calculation specified above:

9 (A) Positions or portions of positions supported by federal funds
10 that are subject to supplanting restrictions.

11 (B) Positions supported by funds received pursuant to Section
12 41540 that are established in order to satisfy court-ordered
13 desegregation requirements.

14 (C) Positions supported, to the extent of employers'
15 contributions not exceeding twenty-five thousand dollars (\$25,000)
16 by any single educational agency, from a non-General Fund
17 revenue source determined to be properly excludable from this
18 section by the Superintendent with the approval of the Director of
19 Finance. Commencing in the 2002–03 fiscal year, only positions
20 supported from a non-General Fund revenue source determined
21 to be properly excludable as identified for a particular local
22 educational agency or pursuant to a blanket waiver by the
23 Superintendent and the Director of Finance, before the 2002–03
24 fiscal year, may be excluded pursuant to this paragraph.

25 (5) For accounting purposes, any reduction to school district
26 revenue limits made by this provision may be reflected as an
27 expenditure from appropriate sources of revenue as directed by
28 the Superintendent.

29 (6) The amount of the increase or decrease to the revenue limits
30 of school districts computed pursuant to paragraph (3) for the
31 1995–96 to 2002–03 fiscal years, inclusive, may not be adjusted
32 by the deficit factor applied to the revenue limit of each school
33 district pursuant to Section 42238.145.

34 (7) For the 2003–04 fiscal year and any fiscal year thereafter,
35 the revenue limit reduction specified in Section 42238.146 may
36 not be applied to the amount of the increase or decrease to the
37 revenue limits of school districts computed pursuant to paragraph
38 (3).

39 (b) The calculations set forth in paragraphs (1) to (3), inclusive,
40 of subdivision (a) exclude employer contributions for employees

1 of charter schools funded pursuant to Article 2 (commencing with
2 Section 47633) of Chapter 6 of Part 26.8.

3 (c) Funding appropriated through the Budget Act of 2001 or
4 legislation amending the Budget Act of 2001 for the purpose of
5 limiting the reductions to revenue limits calculated pursuant to
6 this section and to Section 2558 for the 2001–02 fiscal year shall
7 be allocated on a one-time basis in the following manner:

8 (1) Each school district and county office of education subject
9 to a reduced apportionment pursuant to this section or to Section
10 2558 shall receive a share of the amount described in paragraph
11 (3) that is proportionate to the reduction in their apportionment
12 pursuant to this section or to Section 2558 for the 2001–02 fiscal
13 year as compared to the statewide total reduction that would occur
14 absent this paragraph.

15 (2) For the 2001–02 fiscal year, instead of the alternative
16 calculation authorized by paragraph (1), San Francisco Unified
17 School District shall receive an amount equal to five dollars and
18 57 cents (\$5.57) multiplied by its second principal apportionment
19 average daily attendance for the 2001–02 fiscal year.

20 (3) Notwithstanding any other law, total allocations pursuant
21 to this subdivision may not exceed thirty-five million dollars
22 (\$35,000,000).

23 (d) Thirty-five million dollars (\$35,000,000) is hereby
24 appropriated from the General Fund for transfer to Section A of
25 the State School Fund for local assistance for the purpose of
26 limiting the reductions to revenue limits calculated pursuant to
27 this section and to Section 2558 for the 2003–04 fiscal year.
28 Funding from this appropriation shall be allocated in the following
29 manner:

30 (1) Each school district and county office of education subject
31 to a reduced apportionment pursuant to this section or to Section
32 2558 shall receive a share of the amount appropriated in this
33 subdivision that is proportionate to the reduction in their
34 apportionment pursuant to this section or to Section 2558 for the
35 2003–04 fiscal year as compared to the statewide total reduction
36 that would occur absent this paragraph.

37 (2) For the 2003–04 fiscal year, instead of the alternative
38 calculation authorized by paragraph (1), the San Francisco Unified
39 School District shall receive an amount equal to five dollars and

1 57 cents (\$5.57) multiplied by its second principal apportionment
2 average daily attendance for the 2003–04 fiscal year.

3 (3) Notwithstanding any other law, total allocations pursuant
4 to this subdivision may not exceed thirty-five million dollars
5 (\$35,000,000) for the 2003–04 fiscal year.

6 (4) For the purposes of making the computations required by
7 Section 8 of Article XVI of the California Constitution, the
8 appropriation made by this section shall be deemed to be “General
9 Fund revenues appropriated for school districts,” as defined in
10 subdivision (c) of Section 41202, for the 2003–04 fiscal year and
11 included within the “total allocations to school districts and
12 community college districts from General Fund proceeds of taxes
13 appropriated pursuant to Article XIII B,” as defined in subdivision
14 (e) of Section 41202, for the 2003–04 fiscal year.

15 (e) For the 2004–05 fiscal year, and each fiscal year thereafter,
16 apportionment reductions pursuant to this section and to Section
17 2558 shall be limited as follows:

18 (1) Each school district and county office of education subject
19 to a reduced apportionment pursuant to this section or to Section
20 2558 shall receive a share of the amount described in paragraph
21 (3) that is proportionate to the reduction in their apportionment
22 pursuant to this section or to Section 2558 for the 2004–05 fiscal
23 year as compared to the statewide total reduction as would occur
24 absent this paragraph.

25 (2) Instead of the alternative calculation authorized by paragraph
26 (1), the San Francisco Unified School District shall receive funding
27 equal to the amount of funding per unit of average daily attendance
28 specified in paragraph (2) of subdivision (c) as increased annually
29 by cost-of-living adjustments specified in Section 42238.1,
30 multiplied by its second principal apportionment average daily
31 attendance for that fiscal year.

32 (3) Notwithstanding any other law, total limitations pursuant to
33 this subdivision may not annually exceed thirty-five million dollars
34 (\$35,000,000) as annually increased by the cost-of-living
35 adjustments specified in Section 42238.1, multiplied by the annual
36 statewide percentage growth in total average daily attendance,
37 measured at the second principal apportionment.

38 (f) *This section shall become inoperative on July 1, 2014, and,*
39 *as of January 1, 2015, is repealed, unless a later enacted statute,*

1 *that becomes operative on or before January 1, 2015, deletes or*
2 *extends the dates on which it becomes inoperative and is repealed.*

3 *SEC. 61. Section 42238.13 of the Education Code is amended*
4 *to read:*

5 42238.13. (a) Notwithstanding any other provision of law, for
6 any elementary school district that meets all of the criteria specified
7 in subdivision (b), the base revenue limit for the 1988–89 fiscal
8 year and each subsequent fiscal year computed pursuant to Section
9 42238 shall be computed as though the 1987–88 base revenue limit
10 per unit of average daily attendance was two thousand nine hundred
11 sixty-five dollars (\$2,965). The county superintendent shall
12 compute the revenue limit on that basis.

13 (b) The revenue limit computation described in subdivision (a)
14 shall apply to any elementary school district that meets all of the
15 following criteria:

16 (1) The minority enrollment in the district in the 1987–88 school
17 year was greater than 98 percent.

18 (2) The AFDC enrollment in the district in the 1987–88 school
19 year was greater than 32 percent.

20 (3) The district ranked in all of the following categories in the
21 1986–87 California Assessment Program as follows:

22 (A) Lowest 3 percent for third grade reading.

23 (B) Lowest 2 percent for sixth grade reading.

24 (C) Lowest 1 percent for eighth grade reading.

25 (D) Lowest 1 percent for sixth grade mathematics.

26 (E) Lowest 1 percent for eighth grade mathematics.

27 (F) Lowest 1 percent for history/social science.

28 (G) Lowest 1 percent for science.

29 (4) The district's 1987–88 base revenue limit was 2 percent
30 below the statewide average for elementary districts and 7 percent
31 below the county average for elementary districts.

32 (5) The district is under a court order as of the effective date of
33 this act.

34 (c) *This section shall become inoperative on July 1, 2014, and,*
35 *as of January 1, 2015, is repealed, unless a later enacted statute,*
36 *that becomes operative on or before January 1, 2015, deletes or*
37 *extends the dates on which it becomes inoperative and is repealed.*

38 *SEC. 62. Section 42238.14 of the Education Code is amended*
39 *to read:*

1 42238.14. (a) For the purposes of this article, the revenue
2 limit for the 1993–94 fiscal year for each school district determined
3 pursuant to this article and adjusted pursuant to Section 42238.16
4 shall be reduced by a 8.14 percent deficit factor.

5 (b) *This section shall become inoperative on July 1, 2014, and,*
6 *as of January 1, 2015, is repealed, unless a later enacted statute,*
7 *that becomes operative on or before January 1, 2015, deletes or*
8 *extends the dates on which it becomes inoperative and is repealed.*

9 SEC. 63. *Section 42238.145 of the Education Code is amended*
10 *to read:*

11 42238.145. For the purposes of this article, the revenue limit
12 for each school district shall be reduced by a deficit factor, as
13 follows:

14 (a) (1) For the 1994–95 fiscal year, the revenue limit for each
15 school district determined pursuant to this article shall be reduced
16 by an 11.01 percent deficit factor.

17 (2) For the 1995–96 fiscal year, the revenue limit for each school
18 district determined pursuant to this article shall be reduced by a
19 10.12 percent deficit factor.

20 (3) For the 1996–97 and 1997–98 fiscal years, the revenue limit
21 for each school district determined pursuant to this article shall be
22 reduced by a 9.967 percent deficit factor, as adjusted pursuant to
23 Section 42238.42.

24 (4) For the 1999–2000 fiscal year, the revenue limit for each
25 school district determined pursuant to this article shall be reduced
26 by a 6.996 percent deficit factor.

27 (b) (1) The revenue limit for the 1994–95 fiscal year for each
28 school district shall be determined as if the revenue limit for each
29 school district had been determined for the 1993–94 fiscal year
30 without being reduced by the deficit factor required pursuant to
31 Section 42238.14.

32 (2) When computing the revenue limit for each school district
33 for the 1995–96 or any subsequent fiscal year pursuant to this
34 article, the revenue limit shall be determined as if the revenue limit
35 for that school district had been determined for the previous fiscal
36 year without being reduced by the deficit factor specified in this
37 section.

38 *This section shall become inoperative on July 1, 2014, and, as*
39 *of January 1, 2015, is repealed, unless a later enacted statute, that*

1 *becomes operative on or before January 1, 2015, deletes or extends*
2 *the dates on which it becomes inoperative and is repealed.*

3 *SEC. 64. Section 42238.146 of the Education Code is amended*
4 *to read:*

5 42238.146. (a) (1) For the 2003–04 fiscal year, the revenue
6 limit for each school district determined pursuant to this article
7 shall be reduced by a 1.198 percent deficit factor.

8 (2) For the 2004–05 fiscal year, the revenue limit for each school
9 district determined pursuant to this article shall be reduced by a
10 0.323 percent deficit factor.

11 (3) For the 2003–04 and 2004–05 fiscal years, the revenue limit
12 for each school district determined pursuant to this article shall be
13 further reduced by a 1.826 percent deficit factor.

14 (4) For the 2005–06 fiscal year, the revenue limit for each school
15 district determined pursuant to this article shall be reduced by a
16 0.892 percent deficit factor.

17 (5) For the 2008–09 fiscal year, the revenue limit for each school
18 district determined pursuant to this article shall be reduced by a
19 7.844 percent deficit factor.

20 (6) For the 2009–10 fiscal year, the revenue limit for each school
21 district determined pursuant to this article shall be reduced by a
22 18.355 percent deficit factor.

23 (7) For the 2010–11 fiscal year, the revenue limit for each school
24 district determined pursuant to this article shall be reduced by a
25 17.963 percent deficit factor.

26 (8) For the 2011–12 fiscal year, the revenue limit for each school
27 district determined pursuant to this article shall be reduced by a
28 20.404 percent deficit factor.

29 (9) For the 2012–13 fiscal year, the revenue limit for each school
30 district determined pursuant to this article shall be reduced by a
31 22.272 percent deficit factor.

32 (b) In computing the revenue limit for each school district for
33 the 2006–07 fiscal year pursuant to this article, the revenue limit
34 shall be determined as if the revenue limit for that school district
35 had been determined for the 2003–04, 2004–05, and 2005–06 fiscal
36 years without being reduced by the deficit factors specified in
37 subdivision (a).

38 (c) In computing the revenue limit for each school district for
39 the 2010–11 fiscal year pursuant to this article, the revenue limit
40 shall be determined as if the revenue limit for that school district

1 had been determined for the 2009–10 fiscal year without being
2 reduced by the deficit factors specified in subdivision (a).

3 (d) In computing the revenue limit for each school district for
4 the 2011–12 fiscal year pursuant to this article, the revenue limit
5 shall be determined as if the revenue limit for that school district
6 had been determined for the 2010–11 fiscal year without being
7 reduced by the deficit factors specified in subdivision (a).

8 (e) In computing the revenue limit for each school district for
9 the 2012–13 fiscal year pursuant to this article, the revenue limit
10 shall be determined as if the revenue limit for that school district
11 had been determined for the 2011–12 fiscal year without being
12 reduced by the deficit factors specified in subdivision (a).

13 (f) In computing the revenue limit for each school district for
14 the 2013–14 fiscal year pursuant to this article, the revenue limit
15 shall be determined as if the revenue limit for that school district
16 had been determined for the 2012–13 fiscal year without being
17 reduced by the deficit factors specified in subdivision (a).

18 (g) *This section shall become inoperative on July 1, 2014, and,*
19 *as of January 1, 2015, is repealed, unless a later enacted statute,*
20 *that becomes operative on or before January 1, 2015, deletes or*
21 *extends the dates on which it becomes inoperative and is repealed.*

22 *SEC. 65. Section 42238.17 of the Education Code is amended*
23 *to read:*

24 42238.17. Notwithstanding any other provision of law, for any
25 school district that was reorganized effective July 1, 1992, as a
26 unified school district and that is congruent to a school district that
27 was reorganized as an elementary school district effective July 1,
28 1990, the Superintendent of Public Instruction shall compute
29 apportionments using the following data:

30 (a) For the purposes of paragraph (1) of subdivision (d) of
31 Section 42238 for the 1990–91 and 1991–92 fiscal years, the
32 superintendent shall use the actual number of units of average daily
33 attendance for the 1990–91 fiscal year second principal
34 apportionments.

35 (b) For the purposes of paragraph (1) of subdivision (d) of
36 Section 42238, for the 1992–93 fiscal year and each fiscal year
37 thereafter, the superintendent shall use the actual number of units
38 of average daily attendance for the 1992–93 fiscal year second
39 principal apportionment.

1 *This section shall become inoperative on July 1, 2014, and, as*
2 *of January 1, 2015, is repealed, unless a later enacted statute, that*
3 *becomes operative on or before January 1, 2015, deletes or extends*
4 *the dates on which it becomes inoperative and is repealed.*

5 SEC. 66. *Section 42238.18 of the Education Code is amended*
6 *to read:*

7 42238.18. (a) Notwithstanding any other provision of law,
8 only those pupils enrolled in county office of education programs
9 while detained in a juvenile hall, juvenile home, day center,
10 juvenile ranch, juvenile camp, or regional youth educational facility
11 established pursuant to Article 23 (commencing with Section 850),
12 Article 24 (commencing with Section 880), and Article 24.5
13 (commencing with Section 894) of Chapter 2 of Part 1 of Division
14 2 of the Welfare and Institutions Code shall be counted as juvenile
15 court school pupils. For purposes of apportionments, those pupils
16 in a group home housing 25 or more children placed pursuant to
17 Sections 362, 727, and 730 of the Welfare and Institutions Code
18 or in any group home housing 25 or more children and operating
19 one or more additional sites under a central administration for
20 children placed pursuant to Section 362, 727, or 730 of the Welfare
21 and Institutions Code shall be reported as county group home and
22 institutions pupils to the Superintendent and shall be counted as
23 juvenile court school pupils for purposes of apportionments.

24 (b) Notwithstanding any other provision of law, any county
25 superintendent of schools operating juvenile court schools, county
26 group home and institutions schools, or community schools, or
27 any combination of these schools shall maintain an account in their
28 general fund to be known as the juvenile court and community
29 school account, and shall deposit all funds derived from the
30 operation of juvenile court, county group home and institutions
31 schools, and community schools into that account. Expenditures
32 from the juvenile court and community school account shall be
33 limited to the following:

34 (1) Those expenditures defined as direct costs of instructional
35 programs by the California State School Accounting Manual,
36 except that facility costs, including the costs of renting, leasing,
37 purchasing, remodeling, constructing, or improving buildings and
38 the costs of purchasing or improving land, shall be allowed as an
39 instructional cost in the juvenile court and community school fund.
40 Deferred maintenance contributions made pursuant to Section

1 17584 may also be allowed as an instructional cost of juvenile
2 court and county community school programs, provided the
3 contribution does not exceed the program's proportionate share
4 of total county school service fund expenditures as defined in
5 Section 17584, and provided the funds are used for deferred
6 maintenance of juvenile court and county community school
7 facilities.

8 (2) Expenditures that are defined as documented direct support
9 costs by the California State School Accounting Manual.

10 (3) Expenditures that are defined as allocated direct support
11 costs by the California State School Accounting Manual.

12 (4) Other expenditures for support and indirect charges.
13 However, these charges may not exceed 10 percent of the sum of
14 the expenditures in paragraphs (1), (2), and (3).

15 Expenditures that represent contract payments to other agencies
16 for the operation of juvenile court and community school programs
17 shall be included in the juvenile court and community school
18 account and the contract costs distributed to the cost categories
19 defined in paragraphs (1), (2), (3), and (4). At the end of any given
20 school year the net ending balance in the juvenile court and
21 community school account may be distributed to a reserved account
22 for economic contingencies or to a reserved account for capital
23 outlay, provided that the combined total transferred does not exceed
24 15 percent of the current year's authorized expenditures as specified
25 above and also provided that funds placed in the reserved accounts
26 shall only be expended for juvenile court, county group home and
27 institutions, or community school programs. The net ending
28 balance, except for those funds placed in a capital outlay fund,
29 shall not exceed the greater of 15 percent of the previous year's
30 expenditures or twenty-five thousand dollars (\$25,000). A county
31 may accumulate over a period of two or more given school years
32 a net ending balance in the capital outlay reserved account of more
33 than 15 percent of the current fiscal year's expenditures under
34 provisions of a resolution of the governing board. Funds in the
35 capital outlay reserve are to be used for capital outlay only. The
36 Superintendent shall require an annual certification by county
37 superintendents of schools beginning in the 1989-90 fiscal year
38 that juvenile court, county group home and institutions, and
39 community school funds have been expended as provided in this
40 section and shall withhold from the subsequent year's

1 apportionment an amount equal to any excess ending balance or
2 excess transfers, as provided in this subdivision, in the juvenile
3 court and community school account.

4 (c) Notwithstanding any other provision of law, pupils who are
5 referred by the county probation department under Section 601 or
6 654 of the Welfare and Institutions Code, shall be enrolled and
7 eligible for apportionments in county community schools only
8 after an individualized review and certification of the
9 appropriateness of enrollment in the county group home and
10 institution's school or county community school. The
11 individualized review shall include representatives of the court,
12 the county department of education, the county probation
13 department, and either the school district of residence or, in cases
14 in which the pupil resides in a group home or institution, the school
15 district in which the group home or institution is located, and, in
16 each case, the school district representative shall agree to the
17 appropriateness of the proposed placement and pupils so placed
18 shall have a probation officer assigned to their case.

19 (d) Regardless of the operative date of the amendments to this
20 section made during the 1997 portion of the 1997–98 Regular
21 Session, this section, as so amended, shall be implemented as
22 though it had been operative on July 1, 1996. For the purpose of
23 implementing this section for the entire 1996–97 fiscal year, the
24 Superintendent and other public officers shall take all necessary
25 steps to effect the required adjustments and shall have authority
26 to adjust allowance computations, apportionments, and
27 disbursements ordered from Section A of the State School Fund
28 and other public funds.

29 (e) *This section shall become inoperative on July 1, 2014, and,*
30 *as of January 1, 2015, is repealed, unless a later enacted statute,*
31 *that becomes operative on or before January 1, 2015, deletes or*
32 *extends the dates on which it becomes inoperative and is repealed.*

33 *SEC. 67. Section 42239 of the Education Code is amended to*
34 *read:*

35 42239. (a) For each fiscal year the Superintendent of Public
36 Instruction shall compute funding for supplemental instruction for
37 each school district or charter school by multiplying the number
38 of pupil hours of supplemental instruction claimed pursuant to
39 Sections 37252 and 37252.2 by the pupil hour allowance specified
40 in subdivision (b) or by a pupil hour allowance specified in the

1 annual Budget Act in lieu of the amount computed in subdivision
2 (b).

3 (b) Hours of supplemental instruction shall be reimbursed at a
4 rate of three dollars and fifty-three cents (\$3.53) per pupil hour,
5 adjusted in the 2005–06 fiscal year and subsequent fiscal years as
6 specified in this section, provided that a different reimbursement
7 rate may be specified for each fiscal year in the annual Budget Act
8 that appropriates funding for that fiscal year. This amount shall be
9 increased annually by the percentage increase pursuant to
10 subdivision (b) of Section 42238.1 granted to school districts or
11 charter schools for base revenue limit cost-of-living increases.

12 (c) (1) If appropriated funding is insufficient to pay all claims
13 made in any fiscal year pursuant to Sections 37252 and 37252.2,
14 the superintendent shall use any available funding appropriated
15 for the purposes of reimbursing school districts pursuant to Section
16 37252 or 37252.2.

17 (2) If appropriated funding is still insufficient to pay all claims
18 made in any fiscal year pursuant to Section 37252 or 37252.2, the
19 superintendent shall use any available funding appropriated for
20 the purposes of reimbursing school districts for supplemental
21 instruction in the prior fiscal year.

22 (3) If appropriated funding is still insufficient to pay all claims
23 made in any fiscal year pursuant to Section 37252 or 37252.2, the
24 superintendent shall use any available funding appropriated for
25 the purposes of reimbursing school districts for supplemental
26 instruction in the current fiscal year.

27 (4) The superintendent shall notify the Director of Finance that
28 there is an insufficiency of funding appropriated for the purposes
29 of Sections 37252 and 37252.2 only after the superintendent has
30 exhausted all available balances of appropriations made for the
31 current or prior fiscal years for the reimbursement of school
32 districts for supplemental instruction.

33 (d) Notwithstanding any other provision of law, neither the State
34 Board of Education nor the Superintendent of Public Instruction
35 may waive any provision of this section.

36 (e) *This section shall become inoperative on July 1, 2014, and,*
37 *as of January 1, 2015, is repealed, unless a later enacted statute,*
38 *that becomes operative on or before January 1, 2015, deletes or*
39 *extends the dates on which it becomes inoperative and is repealed.*

1 *SEC. 68. Section 42240.1 of the Education Code is amended*
2 *to read:*

3 42240.1. (a) Any elementary school district with less than
4 2,501 units of average daily attendance in grades kindergarten to
5 6, inclusive, for the second principal apportionment in the 1978–79
6 fiscal year, whose 7th and 8th grade pupils were being educated
7 by a high school district pursuant to Article 5 (commencing with
8 Section 37060) of Chapter 1 of Part 22 during the 1978–79 fiscal
9 year, shall be entitled to the revenue limit adjustment computed
10 pursuant to Section 42240 beginning with the 1981–82 fiscal year.

11 ~~This section shall become operative January 1, 1982.~~

12 (b) *This section shall become inoperative on July 1, 2014, and,*
13 *as of January 1, 2015, is repealed, unless a later enacted statute,*
14 *that becomes operative on or before January 1, 2015, deletes or*
15 *extends the dates on which it becomes inoperative and is repealed.*

16 *SEC. 69. Section 42241.3 of the Education Code is amended*
17 *to read:*

18 42241.3. (a) This section applies only to the funding generated
19 by the average daily attendance of pupils attending a charter school
20 that has operated as a charter school since prior to July 1, 2005, if
21 a unified school district has been the sponsoring local educational
22 agency as defined in subdivision (i) of Section 47632, and if the
23 unified school district was governed by Section 47660 as that
24 section read on December 31, 2005.

25 (b) For the 2005–06 fiscal year only, the revenue limit funding
26 of a unified school district, other than a unified school district that
27 has converted all of its schools to charter status pursuant to Section
28 47606 and is operating them as charter schools, shall be increased
29 or decreased to reflect half of the difference between the funding
30 provided for the base revenue limit per unit of average daily
31 attendance of the unified school district as set forth in Section
32 42238 and the general-purpose entitlement per unit of average
33 daily attendance of the charter school as set forth in Section 47633.

34 (c) *This section shall become inoperative on July 1, 2014, and,*
35 *as of January 1, 2015, is repealed, unless a later enacted statute,*
36 *that becomes operative on or before January 1, 2015, deletes or*
37 *extends the dates on which it becomes inoperative and is repealed.*

38 *SEC. 70. Section 42241.7 of the Education Code is amended*
39 *to read:*

1 42241.7. (a) For the 1978–79 fiscal year, and each fiscal year
2 thereafter, the revenue limit of any elementary, high, or unified
3 school district authorized pursuant to Sections 42237 and 42238
4 may be increased by an amount sufficient to provide additional
5 revenue equal to the expenditures estimated to be incurred by the
6 district in the budget year in complying with the following
7 provisions of the Unemployment Insurance Code: Sections 605
8 and 803, Article 6 (commencing with Section 821) of Chapter 3
9 of Part 1 of Division 1, or Article 3 (commencing with Section
10 976) of Chapter 4 of Part 1 of Division 1, less the actual
11 expenditures incurred by the district in the 1975–76 fiscal year in
12 complying with the following provisions of the Unemployment
13 Insurance Code: Section 605.2 and Article 6 (commencing with
14 Section 821) of Chapter 3 of Part 1 of Division 1.

15 (b) If, at the end of any fiscal year, the actual expenditures of
16 the district specified in subdivision (a) are less than the revenue
17 derived from the increase in revenue limit provided in subdivision
18 (a) for that fiscal year, the difference shall be used in the following
19 fiscal year exclusively for expenditures required pursuant to the
20 Unemployment Insurance Code provisions specified in subdivision
21 (a).

22 (c) If, at the end of any fiscal year, the actual expenditures of
23 the district specified in subdivision (a) exceed the revenue derived
24 from the increase in revenue limit provided in subdivision (a) for
25 that fiscal year, the difference may be added to the increase in
26 revenue limit, authorized pursuant to this section, in the following
27 fiscal year.

28 (d) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the
29 adjustment computed pursuant to this section shall not be adjusted
30 by the deficit factor applied to the revenue limit of each school
31 district pursuant to Section 42238.145.

32 (2) For the 2003–04 fiscal year and each fiscal year thereafter,
33 the revenue limit reduction specified in Section 42238.146 may
34 not be applied to the adjustment computed pursuant to this section.

35 (e) Expenditures for employees of charter schools funded
36 pursuant to Article 2 (commencing with Section 47633) of Chapter
37 6 of Part 26.8 are excluded from the calculations set forth in this
38 section.

39 (f) *This section shall become inoperative on July 1, 2014, and,*
40 *as of January 1, 2015, is repealed, unless a later enacted statute,*

1 *that becomes operative on or before January 1, 2015, deletes or*
2 *extends the dates on which it becomes inoperative and is repealed.*

3 *SEC. 71. Section 42243.7 of the Education Code is amended*
4 *to read:*

5 42243.7. (a) For any school district that commenced operations
6 on or after June 30, 1978, or for any school district that receives
7 approval from the department for a new continuation education
8 high school for the 1979–80 fiscal year, or any fiscal year
9 thereafter, the Superintendent of Public Instruction shall compute
10 an adjustment to the district revenue limit pursuant to this section.

11 (b) Determine the amount of foundation program that the district
12 would have been entitled to pursuant to subdivision (a) of Section
13 41711, as that section read on July 1, 1977, if the district had
14 operated during the 1977–78 fiscal year, utilizing the number of
15 units of average daily attendance attending high school in the
16 district in the fiscal year for which the revenue limit is being
17 computed.

18 (c) Determine the amount of foundation program that the district
19 would have been entitled to pursuant to paragraph (1) of
20 subdivision (b) of Section 41711, as that section read on July 1,
21 1977, if the district had operated during the 1977–78 fiscal year,
22 utilizing the same number of units of average daily attendance
23 used in subdivision (b) of this section.

24 (d) Subtract the amount determined pursuant to subdivision (c)
25 from the amount computed pursuant to subdivision (b).

26 (e) The amount computed pursuant to subdivision (d), if greater
27 than zero, shall be added to the revenue limit computed pursuant
28 to subdivision (c) of Section 42237 or pursuant to Section 42238.
29 If the amount in subdivision (d) is less than zero there is no
30 adjustment.

31 (f) The Superintendent of Public Instruction shall reduce by the
32 amount computed pursuant to subdivision (e) the revenue limit
33 computed pursuant to Section 42238 of any district discontinuing
34 the operation of a continuation education school approved pursuant
35 to subdivision (a).

36 (g) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the
37 adjustment computed pursuant to this section may not be adjusted
38 by the deficit factor applied to the revenue limit of each school
39 district pursuant to Section 42238.145.

1 (2) For the 2003–04 fiscal year and each fiscal year thereafter,
2 the revenue limit reduction specified in Section 42238.146 may
3 not be applied to the adjustment computed pursuant to this section.

4 (h) The adjustment computed pursuant to this section for a new
5 continuation education high school may be applicable for any
6 unified school district that was not fully operational during the
7 first year of operation of the continuation education high school.
8 The number of units of average daily attendance to be used in
9 computing the adjustment shall be the number of units of average
10 daily attendance generated by the continuation education high
11 school in the district for the first year that the district is fully
12 operational in all grades.

13 (i) In the 1998–99 fiscal year and each fiscal year thereafter,
14 the ranges of average daily attendance resulting from the
15 calculation set forth in this section pursuant to Section 41711, as
16 that section read on July 1, 1977, shall be reduced by the statewide
17 average percentage that absences excused pursuant to subdivision
18 (b) of Section 46010, as that section read on July 1, 1996, were of
19 total second principal apportionment regular average daily
20 attendance for high schools in 1996–97, with the reduced ranges
21 then rounded to the nearest integer.

22 (j) Commencing with the 2005–06 fiscal year and
23 notwithstanding any provision of law, the amount of the adjustment
24 calculated pursuant to this section shall not be added to the revenue
25 limit of a school district, but shall be used in determining the
26 amount of the pupil retention block grant awarded a school district
27 pursuant to Article 1 (commencing with Section 41500) of Chapter
28 3.2.

29 (k) *This section shall become inoperative on July 1, 2014, and,*
30 *as of January 1, 2015, is repealed, unless a later enacted statute,*
31 *that becomes operative on or before January 1, 2015, deletes or*
32 *extends the dates on which it becomes inoperative and is repealed.*

33 *SEC. 72. Section 46201.2 of the Education Code is amended*
34 *to read:*

35 46201.2. (a) Commencing with the 2009–10 school year and
36 continuing through the ~~2014–15~~ 2013–14 school year, a school
37 district, county office of education, or charter school may reduce
38 the equivalent of up to five days of instruction or the equivalent
39 number of instructional minutes without incurring the penalties
40 set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5,

1 46202, and 47612.5. A school district, county office of education,
 2 or charter school shall receive revenue limit funding based on the
 3 adjustments prescribed pursuant to Section 42238.146 whether or
 4 not it reduces the number of schooldays or instructional minutes.

5 (b) This section shall become inoperative on July 1, ~~2015~~ 2014,
 6 and, as of January 1, ~~2016~~ 2015, is repealed, unless a later enacted
 7 statute, that becomes operative on or before January 1, ~~2016~~ 2015,
 8 deletes or extends the dates on which it becomes inoperative and
 9 is repealed.

10 *SEC. 73. Section 46201.2 is added to the Education Code, to*
 11 *read:*

12 *46201.2. (a) Commencing with the 2009–10 school year and*
 13 *continuing through the 2013–14 school year, a school district,*
 14 *county office of education, or charter school may reduce the*
 15 *equivalent of up to five days of instruction or the equivalent number*
 16 *of instructional minutes without incurring the penalties set forth*
 17 *in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and*
 18 *47612.5, as those sections read on January 1, 2014. A school*
 19 *district, county office of education, or charter school shall receive*
 20 *revenue limit funding based on the adjustments prescribed pursuant*
 21 *to Section 42238.146, as it read on January 1, 2014, whether or*
 22 *not it reduces the number of schooldays or instructional minutes.*

23 *(b) For the 2014–15 school year, a school district, county office*
 24 *of education, or charter school may reduce the equivalent of up*
 25 *to five days of instruction or the equivalent number of instructional*
 26 *minutes without incurring the penalties set forth in Sections 41420,*
 27 *46200, 46200.5, 46201, 46201.5, 46202, and 47612.5.*

28 *(c) This section shall become operative on July 1, 2014.*

29 *(d) This section shall become inoperative on July 1, 2015, and,*
 30 *as of January 1, 2016, is repealed, unless a later enacted statute,*
 31 *that becomes operative on or before January 1, 2016, deletes or*
 32 *extends the dates on which it becomes inoperative and is repealed.*

33 *SEC. 74. Section 47604.33 of the Education Code is amended*
 34 *to read:*

35 *47604.33. (a) Each charter school shall annually prepare and*
 36 *submit the following reports to its chartering authority and the*
 37 *county superintendent of schools, or only to the county*
 38 *superintendent of schools if the county board of education is the*
 39 *chartering authority:*

1 (1) On or before July 1, a preliminary budget. For a charter
2 school in its first year of operation, the information submitted
3 pursuant to subdivision (g) of Section 47605 satisfies this
4 requirement.

5 (2) On or before December 15, an interim financial report. This
6 report shall reflect changes through October 31.

7 (3) On or before March 15, a second interim financial report.
8 This report shall reflect changes through January 31.

9 (4) On or before September 15, a final unaudited report for the
10 full prior year.

11 (b) The chartering authority shall use any financial information
12 it obtains from the charter school, including, but not limited to,
13 the reports required by this section, to assess the fiscal condition
14 of the charter school pursuant to subdivision (d) of Section
15 47604.32.

16 (c) The cost of performing the duties required by this section
17 shall be funded with supervisory oversight fees collected pursuant
18 to Section 47613.

19 (d) *This section shall become inoperative on July 1, 2014, and,
20 as of January 1, 2015, is repealed, unless a later enacted statute,
21 that becomes operative on or before January 1, 2015, deletes or
22 extends the dates on which it becomes inoperative and is repealed.*

23 *SEC. 75. Section 47604.33 is added to the Education Code, to
24 read:*

25 *47604.33. (a) Each charter school shall annually prepare and
26 submit the following reports to its chartering authority and the
27 county superintendent of schools, or only to the county
28 superintendent of schools if the county board of education is the
29 chartering authority:*

30 *(1) On or before July 1, a preliminary budget and a local control
31 and accountability plan adopted pursuant to Section 52065. For
32 a charter school in its first year of operation, the information
33 submitted pursuant to subdivision (g) of Section 47605 satisfies
34 this requirement.*

35 *(2) On or before December 15, an interim financial report. This
36 report shall reflect changes through October 31.*

37 *(3) On or before March 15, a second interim financial report.
38 This report shall reflect changes through January 31.*

39 *(4) On or before September 15, a final unaudited report for the
40 full prior year.*

1 (b) *The chartering authority shall use any financial information*
 2 *it obtains from the charter school, including, but not limited to,*
 3 *the reports required by this section, to assess the fiscal condition*
 4 *of the charter school pursuant to subdivision (d) of Section*
 5 *47604.32.*

6 (c) *The cost of performing the duties required by this section*
 7 *shall be funded with supervisorial oversight fees collected pursuant*
 8 *to Section 47613.*

9 (d) *This section shall become operative on July 1, 2014.*

10 SEC. 76. *Section 47610 of the Education Code is amended to*
 11 *read:*

12 47610. A charter school shall comply with this part and all of
 13 the provisions set forth in its charter, but is otherwise exempt from
 14 the laws governing school districts, except all of the following:

15 (a) As specified in Section 47611.

16 (b) As specified in Section 41365.

17 (c) All laws establishing minimum age for public school
 18 attendance.

19 (d) The California Building Standards Code (Part 2
 20 (commencing with Section 101) of Title 24 of the California Code
 21 of Regulations), as adopted and enforced by the local building
 22 enforcement agency with jurisdiction over the area in which the
 23 charter school is located.

24 (e) Charter school facilities shall comply with subdivision (d)
 25 by January 1, 2007.

26 *This section shall become inoperative on July 1, 2014, and, as*
 27 *of January 1, 2015, is repealed, unless a later enacted statute, that*
 28 *becomes operative on or before January 1, 2015, deletes or extends*
 29 *the dates on which it becomes inoperative and is repealed.*

30 SEC. 77. *Section 47610 is added to the Education Code, to*
 31 *read:*

32 47610. (a) A charter school shall comply with this part and
 33 all of the provisions set forth in its charter, but is otherwise exempt
 34 from the laws governing school districts, except all of the
 35 following:

36 (1) As specified in Section 47611.

37 (2) As specified in Section 41365.

38 (3) As specified in Section 52065.

39 (4) All laws establishing minimum age for public school
 40 attendance.

1 (5) *The California Building Standards Code (Part 2*
2 *(commencing with Section 101) of Title 24 of the California Code*
3 *of Regulations), as adopted and enforced by the local building*
4 *enforcement agency with jurisdiction over the area in which the*
5 *charter school is located.*

6 (6) *Charter school facilities shall comply with paragraph (5)*
7 *of subdivision (a) by January 1, 2007.*

8 (b) *This section shall become operative on July 1, 2014.*

9 *SEC. 78. Section 47630.5 of the Education Code is amended*
10 *to read:*

11 47630.5. (a) This chapter applies to the calculation of
12 operational funding for charter schools. Except as otherwise
13 provided in this chapter, this chapter shall apply to all charter
14 schools without regard to their sponsoring local education agency.

15 (b) For the 1999–2000, 2000–01, and 2001–02 fiscal years in
16 the case of a charter school that was assigned a number by the
17 State Board of Education prior to June 1, 1999, the use of the
18 charter school funding method established by this chapter shall be
19 at the discretion of that charter school. A charter school that elects
20 to have its funding determined pursuant to the method established
21 by this chapter shall notify the State Department of Education by
22 June 1 prior to the affected fiscal year. An election to be funded
23 pursuant to the method established by this chapter is irrevocable.

24 (c) Additional legal or fiscal responsibilities on the part of a
25 county superintendent of schools are not imposed by this chapter,
26 except as specifically provided in this chapter.

27 (d) *This section shall become inoperative on July 1, 2014, and,*
28 *as of January 1, 2015, is repealed, unless a later enacted statute,*
29 *that becomes operative on or before January 1, 2015, deletes or*
30 *extends the dates on which it becomes inoperative and is repealed.*

31 *SEC. 79. Section 47631 of the Education Code is amended to*
32 *read:*

33 47631. (a) Article 2 (commencing with Section 47633) and
34 Article 3 (commencing with Section 47636) may not apply to a
35 charter granted pursuant to Section 47605.5.

36 (b) Notwithstanding subdivision (a), a pupil attending a
37 county-sponsored charter school who is eligible to attend that
38 school solely as a result of parental request pursuant to subdivision
39 (b) of Section 1981 shall be funded pursuant to this chapter.

1 (c) *This section shall become inoperative on July 1, 2014, and,*
2 *as of January 1, 2015, is repealed, unless a later enacted statute,*
3 *that becomes operative on or before January 1, 2015, deletes or*
4 *extends the dates on which it becomes inoperative and is repealed.*

5 SEC. 80. *Section 47631 is added to the Education Code, to*
6 *read:*

7 47631. (a) *Article 3 (commencing with Section 47636) shall*
8 *not apply to a charter granted pursuant to Section 47605.5.*

9 (b) *Notwithstanding subdivision (a), a pupil attending a*
10 *county-sponsored charter school who is eligible to attend that*
11 *school solely as a result of parental request pursuant to subdivision*
12 *(b) of Section 1981 shall be funded pursuant to the local control*
13 *funding formula pursuant to Section 42238.02, as implemented by*
14 *Section 42238.03.*

15 (c) *This section shall become operative on July 1, 2014.*

16 SEC. 81. *Section 47632 of the Education Code is amended to*
17 *read:*

18 47632. For purposes of this chapter, the following terms shall
19 be defined as follows:

20 (a) “General-purpose entitlement” means an amount computed
21 by the formula set forth in Section 47633 beginning in the
22 1999–2000 fiscal year, which is based on the statewide average
23 amounts of general-purpose funding from those state and local
24 sources identified in Section 47633 received by school districts of
25 similar type and serving similar pupil populations.

26 (b) “Categorical block grant” means an amount computed by
27 the formula set forth in Section 47634 beginning in the 1999–2000
28 fiscal year, which is based on the statewide average amounts of
29 categorical aid from those sources identified in Section 47634
30 received by school districts of similar type and serving similar
31 pupil populations.

32 (c) “General-purpose funding” means those funds that consist
33 of state aid, local property taxes, and other revenues applied toward
34 a school district’s revenue limit, pursuant to Section 42238.

35 (d) “Categorical aid” means aid that consists of state or federally
36 funded programs, or both, which are apportioned for specific
37 purposes set forth in statute or regulation.

38 (e) “Economic impact aid-eligible pupils” means those pupils
39 that are included in the economic impact aid-eligible pupil count
40 pursuant to Section 54023. For purposes of applying Section 54023

1 to charter schools, “economically disadvantaged pupils” means
2 the pupils described in paragraph (2) of subdivision (a) of Section
3 54026.

4 (f) “Educationally disadvantaged pupils” means those pupils
5 who are eligible for subsidized meals pursuant to Section 49552
6 or are identified as English learners pursuant to subdivision (a) of
7 Section 306, or both.

8 (g) “Operational funding” means all funding except funding for
9 capital outlay.

10 (h) “School district of a similar type” means a school district
11 that is serving similar grade levels.

12 (i) “Similar pupil population” means similar numbers of pupils
13 by grade level, with a similar proportion of educationally
14 disadvantaged pupils.

15 (j) “Sponsoring local educational agency” means the following:

16 (1) If a charter school is granted by a school district, the
17 sponsoring local educational agency is the school district.

18 (2) If a charter is granted by a county office of education after
19 having been previously denied by a school district, the sponsoring
20 local educational agency means the school district that initially
21 denied the charter petition.

22 (3) If a charter is granted by the state board after having been
23 previously denied by a local educational agency, the sponsoring
24 local educational agency means the local educational agency
25 designated by the state board pursuant to paragraph (1) of
26 subdivision (k) of Section 47605 or if a local educational agency
27 is not designated, the local educational agency that initially denied
28 the charter petition.

29 (4) For pupils attending county-sponsored charter schools who
30 are eligible to attend those schools solely as a result of parental
31 request pursuant to subdivision (b) of Section 1981, the sponsoring
32 local educational agency means the pupils’ school district of
33 residence.

34 (5) For pupils attending countywide charter schools pursuant
35 to Section 47605.6 who reside in a basic aid school district, the
36 sponsoring local educational agency means the school district of
37 residence of the pupil. For purposes of this paragraph, “basic aid
38 school district” means a school district that does not receive an
39 apportionment of state funds pursuant to subdivision (h) of Section
40 42238.

1 (k) This section shall become inoperative on July 1, 2014, and,
2 as of January 1, 2015, is repealed, unless a later enacted statute,
3 that becomes operative on or before January 1, 2015, deletes or
4 extends the dates on which it becomes inoperative and is repealed.

5 SEC. 82. Section 47632 is added to the Education Code, to
6 read:

7 47632. (a) For purposes of this chapter, the following terms
8 shall be defined as follows:

9 (1) “General-purpose entitlement” means an amount computed
10 by the local control funding formula pursuant to Section 42238.02,
11 as implemented by Section 42238.03.

12 (2) “General-purpose funding” means those funds that consist
13 of state aid, local property taxes, and other revenues applied
14 toward a school district’s local control funding formula, pursuant
15 to Section 42238.02, as implemented by Section 42238.03.

16 (3) “Categorical aid” means aid that consists of state or
17 federally funded programs, or both, which are apportioned for
18 specific purposes set forth in statute or regulation.

19 (4) “Educationally disadvantaged pupils” means those pupils
20 who are eligible for subsidized meals pursuant to Section 49552
21 or are identified as English learners pursuant to subdivision (a)
22 of Section 306, or both.

23 (5) “Operational funding” means all funding except funding
24 for capital outlay.

25 (6) “School district of a similar type” means a school district
26 that is serving similar grade levels.

27 (7) “Similar pupil population” means similar numbers of pupils
28 by grade level, with a similar proportion of educationally
29 disadvantaged pupils.

30 (8) “Sponsoring local educational agency” means the following:

31 (A) If a charter school is granted by a school district, the
32 sponsoring local educational agency is the school district.

33 (B) If a charter is granted by a county office of education after
34 having been previously denied by a school district, the sponsoring
35 local educational agency means the school district that initially
36 denied the charter petition.

37 (C) If a charter is granted by the state board after having been
38 previously denied by a local educational agency, the sponsoring
39 local educational agency means the local educational agency
40 designated by the state board pursuant to paragraph (1) of

1 *subdivision (k) of Section 47605 or if a local educational agency*
2 *is not designated, the local educational agency that initially denied*
3 *the charter petition.*

4 *(D) For pupils attending county-sponsored charter schools who*
5 *are eligible to attend those schools solely as a result of parental*
6 *request pursuant to subdivision (b) of Section 1981, the sponsoring*
7 *local educational agency means the pupils' school district of*
8 *residence.*

9 *(E) For pupils attending countywide charter schools pursuant*
10 *to Section 47605.6 who reside in a basic aid school district, the*
11 *sponsoring local educational agency means the school district of*
12 *residence of the pupil. For purposes of this paragraph, "basic aid*
13 *school district" means a school district that does not receive an*
14 *apportionment of state funds as described in subdivision (n) of*
15 *Section 42238.02.*

16 *(b) This section shall become operative on July 1, 2014.*

17 *SEC. 83. Section 47633 of the Education Code is amended to*
18 *read:*

19 47633. The Superintendent shall annually compute a
20 general-purpose entitlement, funded from a combination of state
21 aid and local funds, for each charter school as follows:

22 (a) The Superintendent shall annually compute the statewide
23 average amount of general-purpose funding per unit of average
24 daily attendance received by school districts for each of four grade
25 level ranges: kindergarten and grades 1, 2, and 3; grades 4, 5, and
26 6; grades 7 and 8; and, grades 9 to 12, inclusive. For purposes of
27 making these computations, both of the following conditions shall
28 apply:

29 (1) Revenue limit funding attributable to pupils in kindergarten
30 and grades 1 to 5, inclusive, shall equal the statewide average
31 revenue limit funding per unit of average daily attendance received
32 by elementary school districts; revenue limit funding attributable
33 to pupils in grades 6, 7, and 8, shall equal the statewide average
34 revenue limit funding per unit of average daily attendance received
35 by unified school districts; and revenue limit funding attributable
36 to pupils in grades 9 to 12, inclusive, shall equal the statewide
37 average revenue limit funding per unit of average daily attendance
38 received by high school districts.

39 (2) Revenue limit funding received by school districts shall
40 exclude the value of any benefit attributable to the presence of

1 necessary small schools or necessary small high schools within
2 the school district.

3 (b) The Superintendent shall multiply each of the four amounts
4 computed in subdivision (a) by the charter school's average daily
5 attendance in the corresponding grade level ranges. The resulting
6 figure shall be the amount of the charter school's general-purpose
7 entitlement, which shall be funded through a combination of state
8 aid and local funds. From funds appropriated for this purpose
9 pursuant to Section 14002, the superintendent shall apportion to
10 each charter school this amount, less local funds allocated to the
11 charter school pursuant to Section 47635 and any amount received
12 pursuant to subparagraph (B) of paragraph (3) of subdivision (e)
13 of Section 36 of Article XIII of the California Constitution.

14 (c) General-purpose entitlement funding may be used for any
15 public school purpose determined by the governing body of the
16 charter school.

17 *This section shall become inoperative on July 1, 2014, and, as*
18 *of January 1, 2015, is repealed, unless a later enacted statute, that*
19 *becomes operative on or before January 1, 2015, deletes or extends*
20 *the dates on which it becomes inoperative and is repealed.*

21 *SEC. 84. Section 47634.1 of the Education Code, as added by*
22 *Section 24 of Chapter 2 of the Fourth Extraordinary Session of*
23 *the Statutes of 2009, is amended to read:*

24 47634.1. (a) Notwithstanding subdivision (a) of Section 47634,
25 a categorical block grant for charter schools for the 2005–06 fiscal
26 year shall be calculated as follows:

27 (1) The Superintendent shall divide the total amount of funding
28 appropriated for the purpose of this block grant in the annual
29 Budget Act or another statute, less the total amount calculated in
30 paragraph (2), by the statewide total of charter school average
31 daily attendance, as determined at the second principal
32 apportionment for the 2005–06 fiscal year.

33 (2) The statewide average amount, as computed by the
34 Superintendent, of funding per identified educationally
35 disadvantaged pupil received by school districts in the current
36 fiscal year pursuant to Article 2 (commencing with Section 54020)
37 of Chapter 1 of Part 29. This amount shall be multiplied by the
38 number of educationally disadvantaged pupils enrolled in the
39 charter school. The resulting amount, if greater than zero, shall
40 not be less than the minimum amount of Economic Impact Aid

1 funding to which a school district of similar size would be entitled
2 pursuant to Section 54022. For purposes of this subdivision, a
3 pupil who is eligible for subsidized meals pursuant to Section
4 49552 and is identified as an English learner pursuant to
5 subdivision (a) of Section 306 shall count as two pupils.

6 (3) For each charter school, the Superintendent shall multiply
7 the amount calculated in paragraph (1) by the school's average
8 daily attendance as determined at the second principal
9 apportionment for the 2005–06 fiscal year.

10 (4) The Superintendent shall add the amounts computed in
11 paragraphs (2) and (3). The resulting amount shall be the charter
12 school categorical block grant that the Superintendent shall
13 apportion to each charter school from funds appropriated for this
14 purpose in the annual Budget Act or another statute. The
15 Superintendent shall allocate an advance payment of this grant as
16 early as possible, but no later than October 31, 2005, based on
17 prior year average daily attendance as determined at the second
18 principal apportionment or, for a charter school in its first year of
19 operation that commences instruction on or before September 30,
20 2005, on estimates of average daily attendance for the current fiscal
21 year determined pursuant to Section 47652.

22 (b) (1) For the 2006–07 fiscal year, the categorical block grant
23 allocated by the Superintendent for charter schools shall be four
24 hundred dollars (\$400) per unit of charter school average daily
25 attendance as determined at the second principal apportionment
26 for the 2006–07 fiscal year. This amount shall be supplemented
27 by the amount calculated in paragraph (2).

28 (2) The statewide average amount, as computed by the
29 Superintendent, of funding per economic impact aid-eligible pupil
30 count received by school districts in the current fiscal year,
31 pursuant to Article 2 (commencing with Section 54020) of Chapter
32 1 of Part 29, shall be multiplied by the number of economic impact
33 aid-eligible pupils enrolled in the charter school. The resulting
34 amount, if greater than zero, shall not be less than the minimum
35 amount of Economic Impact Aid funding to which a school district
36 of similar size would be entitled pursuant to Section 54022.

37 (c) (1) For the 2007–08 fiscal year, the categorical block grant
38 allocated by the Superintendent for charter schools shall be five
39 hundred dollars (\$500) per unit of charter school average daily
40 attendance as determined at the second principal apportionment

1 for the 2007–08 fiscal year. For each fiscal year thereafter, this
2 per unit amount shall be adjusted for the cost-of-living adjustment,
3 as determined pursuant to Section 42238.1, for that fiscal year.
4 This amount shall be supplemented in the 2007–08 fiscal year and
5 each fiscal year thereafter by the amount calculated in paragraph
6 (2).

7 (2) The statewide average amount, as computed by the
8 Superintendent, of funding per economic impact aid-eligible pupil
9 count received by school districts in the current year, pursuant to
10 Article 2 (commencing with Section 54020) of Chapter 1 of Part
11 29, shall be multiplied by the number of economic impact
12 aid-eligible pupils enrolled in the charter school. The resulting
13 amount, if greater than zero, shall not be less than the minimum
14 amount of Economic Impact Aid funding to which a school district
15 of similar size would be entitled pursuant to Section 54022.

16 (d) It is the intent of the Legislature to fully fund the categorical
17 block grant for charter schools as specified in this section and to
18 appropriate additional funding that may be needed in order to
19 compensate for unanticipated increases in average daily attendance
20 and counts of economic impact aid-eligible pupils, pursuant to
21 Article 2 (commencing with Section 54020) of Chapter 1 of Part
22 29, in charter schools. In any fiscal year in which the department
23 identifies a deficiency in the categorical block grant, the department
24 shall identify the available balance for programs that count towards
25 meeting the requirements of Section 8 of Article XVI of the
26 California Constitution and have unobligated funds for the year.
27 On or before July 1, the department shall provide the Department
28 of Finance with a list of those programs and their available
29 balances, and the amount of the deficiency, if any, in the categorical
30 block grant. Within 45 days of the receipt of a notification of
31 deficiency, the Director of Finance shall verify the amount of the
32 deficiency in the categorical block grant and direct the Controller
33 to transfer an amount, equal to the lesser of the amount available
34 or the amount needed to fully fund the categorical block grant,
35 from those programs to the categorical block grant. The Department
36 of Finance shall notify the Joint Legislative Budget Committee
37 within 30 days of any transfer made pursuant to this section.

38 (e) Commencing October 1, 2007, the Legislative Analyst's
39 Office shall triennially convene a work group to review,
40 commencing with appropriations proposed for the 2008–09 fiscal

1 year, the appropriateness of the funding level provided by the
2 categorical block grant established in this section.

3 (f) Categorical block grant funding may be used for any purpose
4 determined by the governing body of the charter school.

5 (g) This section shall become operative on July 1, 2013.

6 (h) *On or after July 1, 2014, this section shall become*
7 *inoperative if the categorical programs funded through the*
8 *categorical block grant described in this section are instead*
9 *included within, or funded by, the local control funding formula*
10 *pursuant to Section 42238.02, as implemented by Section 42238.03.*

11 SEC. 85. Article 5 (commencing with Section 52060) is added
12 to Chapter 6.1 of Part 28 of Division 4 of Title 2 of the Education
13 Code, to read:

14

15 *Article 5. Local Control and Accountability Plans*

16

17 52060. (a) *The governing board of each school district shall*
18 *adopt a local control and accountability plan using a template*
19 *adopted by the state board.*

20 (b) *A local control and accountability plan adopted by a*
21 *governing board of a school district shall be effective for a period*
22 *of at least one year but no longer than five years. If a governing*
23 *board of a school district adopts a plan that would be effective for*
24 *a period longer than one year, the governing board must approve*
25 *an update to the existing plan at least annually.*

26 (c) *On or before July 1 of each fiscal year, a governing board*
27 *of a school district shall take action on a local control and*
28 *accountability plan for the subsequent fiscal year, either by*
29 *adopting a new local control and accountability plan or by*
30 *approving an update to a plan the governing board of the school*
31 *district has previously adopted.*

32 (d) *A governing board of a school district shall update the local*
33 *control and accountability plan if the governing board of the school*
34 *district determines that changes in the composition of the base*
35 *Academic Performance Index require the school district to take*
36 *specific actions and use strategies that are not already included*
37 *in the plan to meet the Academic Performance Index growth target*
38 *for each school in the school district. If the governing board of*
39 *the school district determines that an update is necessary, the*
40 *governing board of the school district shall approve the update*

1 by November 1 of the year in which the new base Academic
2 Performance Index is released.

3 (e) A governing board of a school district shall demonstrate
4 that a local control and accountability plan approved by the
5 governing board of the school district was developed in
6 consultation with teachers, principals, administrators, other school
7 personnel, parents, and pupils.

8 (f) A governing board of a school district shall ensure that a
9 local control and accountability plan is consistent with all school
10 plans submitted pursuant to Section 64001 by a school district for
11 schools within the school district.

12 (g) Before adopting a local control and accountability plan or
13 approving an update to an existing plan, a governing board of a
14 school district shall hold at least one public hearing to solicit
15 recommendations and opinions of members of the public regarding
16 specific actions and strategies that should be included in the plan.
17 The agenda for the public hearing shall be posted at least 72 hours
18 before the public hearing and shall include the location where the
19 local control and accountability plan will be available for public
20 inspection. This public hearing shall be held at the same meeting
21 as the public hearing required by paragraph (1) of subdivision (a)
22 of Section 42127.

23 (h) A governing board of a school district shall notify members
24 of the public, using the most efficient method possible, of the
25 opportunity to submit written recommendations and opinions
26 regarding specific actions and strategies that should be included
27 in the local control and accountability plan. This subdivision shall
28 not be interpreted to require a school district to produce printed
29 notices or to send notices by mail.

30 (i) A governing board of a school district shall adopt a local
31 control and accountability plan in a public meeting. This meeting
32 shall be held after, but not on the same day as, the public hearing
33 held pursuant to subdivision (g). This meeting shall be the same
34 meeting during which the governing board of the school district
35 considers a budget pursuant to paragraph (2) of subdivision (a)
36 of Section 42127.

37 (j) A governing board of a school district may adopt a revised
38 local control and accountability plan if the governing board of
39 the school district is required to adopt a revised budget. A revised

1 *local control and accountability plan shall be adopted at the same*
2 *meeting that a revised budget is adopted.*

3 *52060.5. It is the intent of the Legislature to strengthen the*
4 *accountability provisions proposed in this article in the following*
5 *ways:*

6 *(a) Ensure that supplemental funds generated by low income,*
7 *English learner, and foster pupils are used to improve services to*
8 *those pupils, and not to supplant existing resources dedicated to*
9 *those pupils.*

10 *(b) Provide authority of state entities, county entities, or both,*
11 *to intervene in and support school districts that do not demonstrate*
12 *improvements, across subgroups of pupils, toward achievement*
13 *of common core academic content standards and other state*
14 *standards and goals.*

15 *(c) Rescind flexibility provisions for school districts that do not*
16 *demonstrate improvements in outcomes across subgroups of pupils.*

17 *(d) Ensure more robust data collections for purposes of state*
18 *accountability systems and state and local oversight.*

19 *(e) Ensure that the majority of funds allocated through any*
20 *school funding formula are spent on services and programs with*
21 *direct benefits to pupils.*

22 *52061. (a) Not later than five days after adoption of a local*
23 *control and accountability plan or approval of an update to an*
24 *existing plan pursuant to Section 52060, the governing board of*
25 *a school district shall file the plan with the county superintendent*
26 *of schools. The plan shall be filed on the same day that the*
27 *governing board of the school district files the budget pursuant to*
28 *paragraph (2) of subdivision (a) of Section 42127.*

29 *(b) The county superintendent of schools shall do all of the*
30 *following:*

31 *(1) Examine if the plan adheres to the template adopted by the*
32 *state board pursuant to Section 52066 and includes all of the*
33 *components identified in subdivision (a) of Section 52064.*

34 *(2) Determine if the budget for the subsequent fiscal year*
35 *adopted by the governing board of the school district includes*
36 *expenditures sufficient to implement the specific actions and*
37 *strategies included in the local control and accountability plan*
38 *adopted by the governing board of the school district, based on*
39 *the projections of the costs included in the plan.*

1 (3) *In making the determinations pursuant to paragraphs (1)*
2 *and (2), consider input from teachers, principals, administrators,*
3 *other school personnel, parents, and pupils from the school district.*

4 52062. (a) *Each county superintendent of schools shall*
5 *develop, and each county board of education shall adopt, a local*
6 *control and accountability plan using a template adopted by the*
7 *state board.*

8 (b) *A local control and accountability plan adopted by a county*
9 *board of education shall be effective for a period of at least one*
10 *year but no longer than five years. If a county board of education*
11 *adopts a plan that would be effective for a period longer than one*
12 *year, the county board of education must approve an update to*
13 *the plan at least annually.*

14 (c) *On or before July 1 of each fiscal year, a county board of*
15 *education shall take action on a local control and accountability*
16 *plan for the subsequent fiscal year, either by adopting a new local*
17 *control and accountability plan or by approving an update to a*
18 *plan the county board of education has previously adopted.*

19 (d) *A county superintendent of schools shall update and present*
20 *to the county board of education for approval the local control*
21 *and accountability plan if the county board of education determines*
22 *that changes in the composition of the base Academic Performance*
23 *Index require the county superintendent of schools to take specific*
24 *actions and use strategies that are not already included in the plan*
25 *to meet the Academic Performance Index growth target for each*
26 *school operated by the county superintendent of schools. If the*
27 *county board of education determines that an update is necessary,*
28 *the county board of education shall approve the update by*
29 *November 1 of the year in which the base Academic Performance*
30 *Index is released.*

31 (e) *A county superintendent of schools shall demonstrate that*
32 *a local control and accountability plan was developed in*
33 *consultation with teachers, principals, administrators, other school*
34 *personnel, parents, and pupils. A county superintendent of schools*
35 *also shall demonstrate that the superintendents of all school*
36 *districts in the county were consulted in the development of the*
37 *plan.*

38 (f) *A local control and accountability plan shall be consistent*
39 *with all school plans submitted pursuant to Section 64001 by the*

1 county superintendent of schools for schools operated by the county
2 superintendent of schools.

3 (g) Before adopting a local control and accountability plan or
4 approving an update to an existing plan, a county board of
5 education shall hold at least one public hearing to solicit
6 recommendations and opinions of members of the public regarding
7 specific actions and strategies that should be included in the plan.
8 The agenda for that hearing shall be posted at least 72 hours
9 before the public hearing and shall include the location where the
10 local control and accountability plan will be available for public
11 inspection. The public hearing shall be held at the same meeting
12 as the public hearing required by Section 1620.

13 (h) A county board of education shall notify members of the
14 public, using the most efficient method possible, of the opportunity
15 to submit written recommendations and opinions regarding specific
16 actions and strategies that should be included in the local control
17 and accountability plan. This subdivision shall not be interpreted
18 to require a county board of education to produce printed notices
19 or to send notices by mail.

20 (i) A county board of education shall adopt a local control and
21 accountability plan in a public meeting. This meeting shall be held
22 after, but not on the same day as, the public hearing held pursuant
23 to subdivision (g). The meeting shall be the same meeting during
24 which a county board of education considers a budget pursuant
25 to Section 1620.

26 (j) A county board of education may adopt a revised local
27 control and accountability plan if the county board of education
28 is required to adopt a revised budget. A revised local control and
29 accountability plan shall be adopted at the same meeting that a
30 revised budget is adopted.

31 52063. (a) No later than five days after adoption of a local
32 control and accountability plan or approval of an update to an
33 existing plan pursuant to Section 52062 by a county board of
34 education, the county superintendent of schools shall file the plan
35 with the Superintendent, the county board of supervisors, and the
36 county auditor. The plan shall be filed on the same day that the
37 county superintendent of schools files the budget pursuant to
38 subdivision (a) of Section 1622.

39 (b) The Superintendent shall do all of the following:

1 (1) Examine if the plan adheres to the template adopted by the
2 state board pursuant to Section 52066 and includes all of the
3 components identified in subdivision (a) of Section 52064.

4 (2) Determine if the budget for the subsequent fiscal year
5 adopted by the county board of education includes expenditures
6 sufficient to implement the specific actions and strategies included
7 in the local control and accountability plan adopted by the county
8 board of education, based on the projections of the costs included
9 in the plan.

10 (3) In making the determinations pursuant to paragraphs (1)
11 and (2), consider input from teachers, principals, administrators,
12 other school personnel, parents, and pupils in the county.

13 52064. (a) A local control and accountability plan adopted
14 by a governing board of a school district or a county board of
15 education shall identify goals and describe the specific actions the
16 school district or county superintendent of schools will take and
17 strategies that will be used to achieve all of the following:

18 (1) Implement, for all pupils, the content standards adopted by
19 the state board pursuant to Sections 60605.8, 60605.10, and
20 60605.11.

21 (2) Increase the Academic Performance Index for each school
22 and for each numerically significant pupil subgroup pursuant to
23 Section 52052 and reduce gaps in the Academic Performance
24 Index and other measures of pupil achievement between
25 numerically significant pupil subgroups.

26 (3) Improve pupil achievement of the content standards adopted
27 by the state board pursuant to Sections 60605, 60605.2, 60605.3,
28 60605.8, and 60605.85, at all grade levels, as evidenced by the
29 results of statewide assessments pursuant to Article 4 (commencing
30 with Section 60640) of Chapter 5 of Part 33, other statewide
31 assessments, and appropriate local assessments.

32 (4) Increase high school graduation rates, if a school district
33 or a county superintendent of schools enrolls high school pupils,
34 increase attendance rates, and reduce dropout rates.

35 (5) Increase the percentage of pupils who have successfully
36 completed each of the following:

37 (A) Courses that satisfy the requirements for entrance to the
38 University of California and the California State University.

39 (B) Advanced placement courses.

40 (C) Career technical education programs.

1 (6) Identify and address needs of pupils, and schools
2 predominantly serving pupils, who meet any of the following
3 definitions:

4 (A) Pupils who have been classified as an English learner
5 pursuant to Section 52164.

6 (B) Pupils who qualify for the free and reduced-price meal
7 program pursuant to Section 49552.

8 (C) Foster children as defined in Sections 300 and 601 of the
9 Welfare and Institutions Code.

10 (D) Pupils enrolled in a juvenile court school operated by a
11 county superintendent of schools pursuant to subdivision (a) of
12 Section 48645.2, if applicable.

13 (7) Remedy deficiencies in any school in the school district or
14 any school operated by the county board of education and improve
15 school conditions in any of the areas included in paragraphs (5),
16 (6), and (8) of subdivision (b) of Section 33126. This includes
17 ensuring access for each pupil to the following:

18 (A) Sufficient textbooks and instructional materials.

19 (B) Safe, clean, and adequate school facilities.

20 (C) Qualified teachers.

21 (8) Provide meaningful opportunities for parent involvement,
22 including, at a minimum, supporting effective schoolsite councils
23 or other structures at each school and advisory panels to the
24 governing board of the school district or the county board of
25 education or, if parents so choose, creating other processes or
26 structures, such as creating the role of an ombudsman for parents,
27 to address complaints and other issues raised by parents.

28 (b) A local control and accountability plan developed by a
29 county superintendent of schools and approved by a county board
30 of education shall also include, in addition to the elements included
31 in subdivision (a), goals related to addressing countywide needs,
32 and describe specific actions and strategies to do all of the
33 following:

34 (1) Conduct effective oversight of school districts pursuant to
35 Article 2 (commencing with Section 1240) of Chapter 2 of Part 2
36 of Division 1 of Title 1 and Chapter 6 (commencing with Section
37 42100) of Part 24 of Division 3 of Title 2.

38 (2) Provide support to school districts in the county, including
39 support related to school district operations, educational

1 *technology, and professional development, and guidance to school*
2 *districts related to curriculum and instructional practices.*

3 *(3) Coordinate instruction for expelled pupils pursuant to*
4 *Section 48926.*

5 *(c) A local control and accountability plan shall include an*
6 *analysis of both the following:*

7 *(1) Pupil achievement of those pupils enrolled in schools in a*
8 *school district or schools operated by a county superintendent of*
9 *schools at the time the plan is adopted by the governing board of*
10 *the school district or the county board of education.*

11 *(2) If a governing board of a school district or a county board*
12 *of education previously has adopted a local control and*
13 *accountability plan, progress made in implementing the goals*
14 *identified in the plan in effect immediately before the adoption of*
15 *a new plan by the governing board of the school district or the*
16 *county board of education.*

17 *(d) For purposes of conducting the analysis required by*
18 *subdivision (c), a governing board of a school district or a county*
19 *superintendent of schools may consider qualitative information,*
20 *including reviews conducted by panels of experts during visits to*
21 *schools in the school district or schools operated by the county*
22 *office of education.*

23 *(e) Data reported in a local control and accountability plan*
24 *shall be consistent with information reported on school*
25 *accountability report cards for schools in a school district or*
26 *schools operated by a county superintendent of schools.*

27 *(f) A local control and accountability plan shall include*
28 *projections of the costs of implementing the specific actions and*
29 *strategies included in the plan. Expenditures that reflect these cost*
30 *projections shall be included in the budget adopted by the*
31 *governing board of the school district pursuant to Section 42127.*

32 *(g) A local control and accountability plan adopted by a*
33 *governing board of a school district shall document all of the*
34 *following:*

35 *(1) For those fiscal years in which it is anticipated that the*
36 *school district will receive less funding than is calculated under*
37 *the local control funding formula pursuant to Section 42238.02,*
38 *as implemented by Section 42238.03, a projection of the total*
39 *funding required for the specific actions the school district will*
40 *take and strategies that will be used to implement paragraph (6)*

1 of subdivision (a), divided by the average daily attendance of the
2 pupils for whom any of the definitions included in paragraph (6)
3 of subdivision (a) apply. This amount of funding shall not be less
4 than the total expenditures from the sources included in paragraphs
5 (1) to (3), inclusive, of subdivision (i) of Section 42238.02 during
6 the 2013–14 fiscal year for services for pupils for whom any of
7 the definitions included in paragraph (6) of subdivision (a) applied
8 during the 2013–14 fiscal year, divided by the average daily
9 attendance of these students during the 2013–14 fiscal year.

10 (2) For those fiscal years in which it is anticipated that the
11 school district will receive funding equal to or greater than the
12 amount calculated under the local control funding formula
13 pursuant to Section 42238.02, as implemented by Section 42238.03,
14 a projection of the total funding required for the specific actions
15 the school district will take and strategies that will be used to
16 implement paragraph (6) of subdivision (a), divided by the average
17 daily attendance of the pupils to whom any of the definitions
18 included in paragraph (6) of subdivision (a) is applicable. This
19 funding shall not be less than the supplemental grants the
20 governing board of the school district projects receiving pursuant
21 to subdivision (e) of Section 42238.02, divided by the average daily
22 attendance of the pupils to whom any of the definitions included
23 in paragraph (6) of subdivision (a) is applicable.

24 (h) A local control and accountability plan adopted by a county
25 board of education shall document all of the following:

26 (1) For those fiscal years in which it is anticipated that the
27 county office of education will receive less funding than is
28 calculated under the county local control funding formula pursuant
29 to Section 2574, a projection of the total funding required for the
30 specific actions the county superintendent of schools will take and
31 strategies that will be used to implement paragraph (6) of
32 subdivision (a), divided by the average daily attendance of the
33 pupils to whom any of the definitions included in paragraph (6)
34 of subdivision (a) is applicable. This amount of funding shall not
35 be less than the total expenditures from the sources included in
36 paragraphs (1) and (2) of subdivision (e) of Section 2574 during
37 the 2013–14 fiscal year for services for pupils to whom any of the
38 definitions included in paragraph (6) of subdivision (a) applied
39 during the 2013–14 fiscal year, divided by the average daily
40 attendance of these pupils during the 2013–14 fiscal year.

1 (2) For those fiscal years in which it is anticipated that the
2 county office of education will receive funding equal to or greater
3 than the amount calculated under the county local control funding
4 formula pursuant to Section 2574, a projection of the total funding
5 required for the specific actions the county superintendent of
6 schools will take and strategies that will be used to implement
7 paragraph (6) of subdivision (a), divided by the average daily
8 attendance of the pupils to whom any of the definitions included
9 in paragraph (6) of subdivision (a) is applicable. This funding
10 shall not be less than the supplemental grants the county board of
11 education projects receiving pursuant to subdivision (c) of Section
12 2574, divided by the average daily attendance of the pupils to
13 whom any of the definitions included in paragraph (6) of
14 subdivision (a) is applicable.

15 (i) A local control and accountability plan shall account for the
16 funds provided to charter schools that elect to receive funding
17 through the school district or the county office of education
18 pursuant to Section 47651.

19 52065. (a) The governing body of a charter school that elects
20 to receive its funding directly, pursuant to Section 47651, shall
21 adopt a local control and accountability plan using a template
22 adopted by the state board.

23 (b) Notwithstanding Section 52064, a local control and
24 accountability plan adopted by the governing body of a charter
25 school shall identify specific steps the charter school will take and
26 strategies that will be used to accomplish the goals identified in
27 the charter petition granted pursuant to Sections 47605, 47605.5,
28 47605.6, 47605.8, and 47606.

29 (c) A local control and accountability plan adopted by a
30 governing body of a charter school shall be effective for a period
31 of at least one year but no longer than five years. If the governing
32 body of the charter school adopts a plan that would be effective
33 for a period longer than one year, the governing body of the
34 charter school must approve an update to the existing plan at least
35 annually.

36 (d) On or before July 1 of each fiscal year, a governing body
37 of a charter school shall take action on a local control and
38 accountability plan for the subsequent fiscal year, either by
39 adopting a new local control and accountability plan or by
40 approving an update to a plan the charter school has previously

1 *adopted. The plan shall be submitted to the charter school's*
2 *chartering authority and the county superintendent of schools, or*
3 *only to the county superintendent of schools if the county board*
4 *of education is the chartering authority, on the same day that the*
5 *charter school submits its preliminary budget pursuant to*
6 *paragraph (1) of subdivision (a) of Section 47604.33.*

7 *52066. (a) The state board shall adopt a template for use by*
8 *school districts and a separate template for use by county*
9 *superintendents of schools that includes the elements identified in*
10 *Section 52064.*

11 *(b) The state board shall also adopt a template for use by charter*
12 *schools to satisfy the requirements of Section 52065.*

13 *(c) The templates developed by the state board shall allow a*
14 *school district, county superintendent of schools, or charter school*
15 *to complete a single local control and accountability plan to meet*
16 *the requirements of this article and the requirements of the federal*
17 *Elementary and Secondary Act related to local educational agency*
18 *plans pursuant to Section 1112 of Subpart 1 of Part A of Title I of*
19 *Public Law 107-110. The state board shall also take steps to*
20 *minimize duplication of effort at the local level to the greatest*
21 *extent possible.*

22 *(d) If possible, the template identified in subdivision (a) for use*
23 *by county superintendents of schools shall allow a county*
24 *superintendent of schools to develop a single local control and*
25 *accountability plan that would also satisfy the requirements of*
26 *Section 48926.*

27 *(e) The state board shall approve the templates identified in*
28 *subdivisions (a) and (b) by January 30, 2015. Revisions to the*
29 *templates shall be approved by the state board by January 1 before*
30 *the fiscal year during which a template is to be used by a school*
31 *district, county superintendent of schools, or charter school.*

32 *(f) The adoption of a template by the state board shall not create*
33 *a requirement for a governing board of a school district, a county*
34 *board of education, or a governing body of a charter school to*
35 *submit a local control and accountability plan to the state board,*
36 *unless otherwise required by federal law. The Superintendent shall*
37 *not require a local control and accountability plan to be submitted*
38 *by a governing board of a school district or the governing body*
39 *of a charter school. The state board may adopt a template that*
40 *would authorize a school district or a charter school to submit to*

1 *the state board only the sections of the local control and*
2 *accountability plan required by federal law.*

3 *(g) The state board may adopt emergency regulations for*
4 *purposes of implementing this section.*

5 *52067. This article shall become operative on July 1, 2014.*

6 *SEC. 86. If the Commission on State Mandates determines that*
7 *this act contains costs mandated by the state, reimbursement to*
8 *local agencies and school districts for those costs shall be made*
9 *pursuant to Part 7 (commencing with Section 17500) of Division*
10 *4 of Title 2 of the Government Code.*

11 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
12 ~~changes relating to the Budget Act of 2013.~~

13
14 _____

15 **CORRECTIONS:**
16 **Heading—Lines 1, 2, 3, and 4.**

17 _____